

TIS Section 8700, *Subsequent Events*

.01 Effect of FASB ASC 855 on Accounting Guidance in AU Section 560

Inquiry—How does Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 855, *Subsequent Events*, affect the accounting guidance contained in AU section 560, *Subsequent Events* (AICPA, *Professional Standards*, vol. 1)?

Reply—Preparers of financial statements for nongovernmental entities are required to follow the accounting guidance contained in FASB ASC 855. As a result, the accounting guidance contained in AU section 560 would no longer be applicable to audits of nongovernmental or state and local governmental entities. Such guidance will continue to apply to audits of federal governmental entities (for example, those entities that apply the accounting principles issued by the Federal Accounting Standards Advisory Board), until that board issues a subsequent event standard or until AU section 560 is amended. Preparers of financial statements for state and local governmental entities are required to follow the accounting guidance on subsequent events contained in Governmental Accounting Standards Board Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.



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