Methods of Presentation

45-6 Paragraph 274-10-25-1 : states that assets and liabilities shall be recognized on the accrual basis of accounting.

45-7 Assets and liabilities shall be presented by order of liquidity and maturity, without classification as current and noncurrent.

45-8 If personal financial statements are prepared for one of a group of joint owners of assets, the statements shall include only the person's interest as a beneficial owner, as determined under the property laws of the state having jurisdiction. If property is held in joint tenancy, as community property, or through a similar joint ownership arrangement, the legal status of the separate equities of the parties may not be evident. In that case, the person may require legal advice to determine whether an interest in the property shall be included among the person's assets and, if so, the proper allocation of the equity in the property under the applicable state laws.

45-9 Business interests that constitute a large part of a person's total assets shall be shown separately from other investments. The estimated current value of an investment in a separate entity, such as a closely held corporation, a partnership, or a sole proprietorship, shall be shown in one amount as an investment if the entity is marketable as a going concern. Assets and liabilities of the separate entity shall not be combined with similar personal items.

Adequate Disclosure

45-13 Personal financial statements shall include sufficient disclosures to make the statements adequately informative. The disclosures may be made in the body of the financial statements or in the notes to financial statements.

ASC-274 PERSONAL FINANCIAL STATEMENTS

50-2 Personal financial statements disclosures shall include, but are not limited to, all of the following:

a. A clear indication of the individuals covered by the financial statements

b. That assets are presented at their **estimated current values** and liabilities are presented at their estimated current amounts□

c. Either of the following:

1. The methods used in determining the estimated current values of major assets and the estimated current amounts of major liabilities
2. The methods used in determining the major categories of assets and liabilities.

d. Changes in item (c) methods from one period to the next

e. If assets held jointly by the person and by others are included in the statements, the nature of the joint ownership

f. If the person's investment portfolio is material in relation to his or her other assets and is concentrated in one or a few companies or industries, the names of the entities or industries and the estimated current values of the securities

g. If the person has a material investment in a closely held business, at least the following:

1. The name of the entity and the person's percentage of ownership
2. The nature of the business
3. Summarized financial information about assets, liabilities, and results of operations for the most recent year based on the financial statements of the business, including information about the basis of presentation (for example, generally accepted accounting principles, income tax basis, or cash basis) and any significant loss contingencies.

>> Estimated Current Value

55-1 This implementation guidance addresses estimating current value.

Recent transactions involving similar assets and liabilities in similar circumstances ordinarily provide a satisfactory basis for determining the **estimated current value** of an asset and the estimated current amount of a liability. If recent sales information is unavailable, other methods that may be used include any of the following:□

a. The capitalization of past or prospective earnings
b. The use of liquidation values
c. The adjustment of historical cost based on changes in a specific price index
d. The use of appraisals
e. The use of the discounted amounts of projected cash receipts and payments.

55-2 Costs of disposal, such as commissions, shall be considered in determining the estimated current value of an asset. The book value or cost of a person's share of the equity of a business adjusted for appraisals of specific assets, such as real estate or equipment, is sometimes used as the estimated current value.

55-3 In determining the estimated current values of some assets (for example, works of art, jewelry, restricted securities, investments in closely held businesses, and real estate), the person may need to consult a specialist.

>>> Investment in a Closely Held Business

55-4 There is no one generally accepted procedure for determining the estimated current value of an investment in a closely held business. Several procedures or combinations of procedures maybe used to determine the estimated current value of a closely held business, including any of the following:

a. A multiple of earnings
b. Liquidation value
c. Reproduction value
d. Appraisals
e. Discounted amounts of projected cash receipts and payments
f. Adjustments of book value or cost of the person's share of the equity of the business.

The book value or cost of a person's share of the equity of a business adjusted for appraisals of specific assets, such as real estate or equipment, is sometimes used as the estimated current value.

>>> Real Estate (Including Leaseholds)

55-6 Information that may be used in determining the estimated current values of investments in real estate (including leaseholds) includes any of the following:

a. Sales of similar property in similar circumstances

b. The discounted amounts of projected cash receipts and payments relating to the property or the net realizable value of the property, based on planned courses of action, including leaseholds whose current rental value exceeds the rent in the lease

c. Appraisals based on estimates of selling prices and selling costs obtained from independent real estate agents or brokers familiar with similar properties in similar locations

d. Appraisals used to obtain financing

e. Assessed value for property taxes, including consideration of the basis for such assessments and their relationship to market values in the area.

AR-C 80 Compilation

Objective

.04 The objective of the accountant in a compilation engagement is to apply accounting and financial reporting expertise to assist management in the presentation of financial statements and report in accordance with this section without, undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements in order for them to be in accordance with the applicable financial reporting framework.

Compilation Procedures

.13 The accountant should read the financial statements in light of the accountant's understanding of the applicable financial reporting framework and the significant accounting policies adopted by management and consider whether such financial statements appear to be appropriate in form and free from obvious material misstatements.

.14 If, in the course of the engagement, the accountant becomes aware that the records, documents, explanations, or other information, including significant judgments, provided by management are incomplete, inaccurate, or otherwise unsatisfactory, the accountant should bring that to the attention of management and request additional or corrected information. (Ref: par. .A18)

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.15 If the accountant becomes aware during the course of the engagement that

> *a.* the financial statements do not adequately refer to or describe the applicable financial reporting framework (Ref: par. .A19);
>
> *b.* revisions to the financial statements are required for the financial statements to be in accordance with the applicable financial reporting framework; or
>
> *c.* the financial statements are otherwise misleading (Ref: par. .A20–.A21)

the accountant should propose the appropriate revisions to management.

.16 The accountant should withdraw from the engagement and inform management of the reasons for withdrawing if (Ref: par. .A22–.A23)

a. the accountant is unable to complete the engagement because management has failed to provide records, documents, explanations, or other information, including significant judgments, as requested, or

b. management does not make appropriate revisions that are proposed by the accountant or does not disclose such departures in the financial statements, and the accountant determines to not disclose such departures in the accountant's compilation report.