

STRENGTH MATTERS® Financial Statement Disclosures Sample # 11: Subsequent Events

The eleventh paper generated from the **STRENGTH MATTERS® Sample Disclosure Project*** Lindquist, von Husen & Joyce LLP (LvHJ) led in 2016 provides a suggested format for the disclosure of an organization's **subsequent events**.

Some subsequent events relate to conditions existing as of the balance sheet date and those events should normally be recognized in the financial statements since they affect the carrying value of receivables, investments, payables or fixed assets, for example.

Other subsequent events relate to conditions occurring after the balance sheet date and those events require additional disclosure in the notes since the reader would not be aware of those events, otherwise. Examples of such events are:

- Litigation arising from an event that occurred after the balance sheet date,
- Guaranty payments made after the balance sheet date, and
- Acquisition of a significant portfolio of real property along with related financing.

The paper includes sample disclosures for each of the above **subsequent events**.

The length of time between the balance sheet date and the auditor's report date can be many months, resulting in a large volume of subsequent activity to be evaluated for potential disclosure. Although disclosure requirements focus on material adverse events that occur subsequently, organizations should consider disclosing material **favorable events** as well in order to provide more balanced reporting.

Examples of such favorable events are:

- Receipt of a major new grant or contribution and
- Collection of a large balance of advances receivable from an affiliate.

The paper also includes example footnote disclosures for each of these favorable events.

Lenders are particularly interested in **subsequent events that result in a material change to cash or other current assets/liabilities**, either from a consolidated standpoint or from the parent-only standpoint.

Click [here](#) to download a copy of *Subsequent Events best practice paper on the Strength Matters website. Subscription is required.*

*Visit [our website](#) to read previous issues of LvHJ Insights featuring Strength Matters best practice papers.



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