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Fairly Presents

The CEO/CFO certification requirements of the Sarbanes-Oxley Act and the SEC action last week in implementing them have established beyond peradventure of doubt a standard of financial disclosure above and beyond generally accepted accounting principles. The CEO and CFO must certify quarterly and annually that to their knowledge the financial statements ***fairly present*** in all material respects the financial condition, results of operations and cash flows of the company. The SEC states specifically that the standard of ***fairly presents*** is meant to be broader than GAAP. The ***fairly presents*** standard is meant to encompass the selection and proper application of accounting policies, the disclosure of financial information that is informative and reasonably reflects the underlying events and the inclusion of other information necessary to give investors a materially complete picture of the issuer's financial condition, results of operations and cash flows. The CEO, the CFO and all other company employees making accounting or disclosure judgments must base their decisions not just on GAAP but on the ***fairly presents*** standard. While it might be argued this was always the case, it was not the practice. Now it must be.

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