

## Disclosure

Financial statements are the backbone of a complete financial report. In fact, a financial report is not complete if the three primary financial statements are not included. but a financial report is much more than just those statements. A financial report requires disclosures. This term refers to additional information provided in a financial report. Therefore, any comprehensive and ethical financial report must include not only the primary financial statements, but disclosures as well.

The chief executive of a business (usually the CEO in a publicly held corporation) has the primary responsibility to make sure that the financial statements have been prepared according to generally accepted accounting principles (GAAP) and the financial report provides adequate disclosures. He or she works with the chief financial officer or controller of the business to make sure that the financial report meets the standard of adequate disclosures.

Some common methods of disclosures include:

--Footnotes that provide information about the basic figures. Nearly all financial statements require footnotes to provide additional information for several of the account balances in the financial statements.

--Supplementary financial schedules and tables that provide more details than can be included in the body of the financial statements.

--Other information may be required if the business is a public corporation subject to federal regulations regarding financial reporting to its stockholders. Other information is voluntary and not strictly required legally or according to GAAP.

Some disclosures are required by various governing boards and agencies. These include:

--The financial Accounting Standards Board (FASB) has designated many standards. Its dictate regarding disclosure of the effects of stock options is one such standard.

--The Securities and Exchange Commission (SEC) mandates disclosure of a broad range of information for publicly held companies.

--International businesses have to abide by disclosure standards adopted by the International Accounting Standards Board.