The changing public reports by management and auditors of publicly held corporations

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ABSTRACT

As a result of the Enron debacle based in a wave of revelation of accounting irregularities and securities fraud interlinked to Adelphia, Tyco and WorldCom, Congress passed the Sarbanes-Oxley Act (SOX) in June 2002. This was the most significant securities law change since passage of the original Federal Securities Law in 1933 and 1934. This paper provides background information on sections 302 and 404 of the Act. Based on that information, the Internal Controls Report of Management and the Independent Auditor's Report of MGM Mirage Casino, Penn National Gaming, Inc., and Harrah's Entertainment, Inc. from the years 2002 through 2008 are summarized, analyzed, and compared with the reports of the hotel industry including Hilton Hotels Corporation, Marriott International, Inc., and Choice Hotels International, Inc. Various differences are noted and implications are considered.

Keywords: Sarbanes-Oxley Act, Auditors, Internal Control, Hotel Industry, Gaming Industry

INTRODUCTION

In response to numerous accounting scandals that rocked corporate America at the turn of the 21st century, the US Government passed the Sarbanes-Oxley Act of 2002 (SOX). Scandals affecting corporations such as Tyco International, Enron, WorldCom, HealthSouth, and Adelphia resulted not only in the loss of millions of dollars in wealth and thousands of jobs but also in the decline of the public trust in financial accounting and reporting.

BACKGROUND

Accordingly, SOX established standards for all public company boards, management, and public accounting firms in the United States and thereby gave publicly-traded companies a much greater understanding of internal controls and their need. These standards require corporations to evaluate and disclose the effectiveness of their internal controls as they relate to financial reporting as well as the Independent Auditor's Report attesting to such disclosure. In addition, SOX requires that any material weaknesses in a corporation's financial reporting be disclosed in the annual and quarterly filings, and that the CEOs and CFOs verify financial reports (SOX, 2002). This paper focuses on the internal control reporting format and content as well as the Independent Auditor's Report.

This complex and wide-ranging statute deserves section-by-section analysis. The provisions include accounting reforms, the SEC, financial reporting, corporate governance, Wall Street practices, securities fraud, officer conduct, document destruction, whistleblowers, attorneys, and internal ramifications. The focus in this paper is on financial reporting. After addressing auditor's shortcomings, Congress turned directly to the corporations themselves and set forth a broad range of rules addressing corporate disclosure, responsibility of officers and directors, and corporate governance reforms. Sections 302 and 404 of the Act are considered applicable for corporate reporting.

The problem, solution, implication and consequence for those two sections are clearly stated by Robert Prentice in his Student Guide Booklet on the Act. His presentation includes:

SECTION 302

The Problem

Corporate management has primary responsibility for the presentation of financial statements and the creation of processes and systems of control to ensure that accurate information finds its way into those statements. That theoretical responsibility notwithstanding, in the white hot competition and excitement of the dot.com bubble, many corporate executives seemed to believe that it was their job not to produce accurate financial statements for the auditors to certify, but to bully the auditors into certifying as aggressive a set of financial statements as possible. Accuracy was not an important consideration if the auditor's certification could be obtained to "CY" the company's "A". In litigation, CEOs occasionally disclaimed any responsibility at all for financial statements, even though they had signed them.

The Solution

Section 302 requires each public company's CEO and CFO to certify that they have reviewed the quarterly and annual reports their companies file with the SEC, that based on their knowledge the reports do not contain any materially untrue statements or half-truths, and that based on their knowledge the financial information is fairly presented. The CEO and CFO must also certify that they are responsible for establishing and maintaining their company's internal financial controls that they have designed such controls to ensure that relevant material information is made known to them, that they recently evaluated the effectiveness of the internal controls, and that they have presented in the report their conclusions about the controls' effectiveness.

The CEO and CFO must additionally certify that they have reported to the auditors and the audit committee regarding all significant deficiencies and material weaknesses in the controls and any fraud, whether or not material, that involves management or other employees playing a significant role in the internal controls. Finally, they must indicate whether or not there have been any significant post-evaluation changes in the controls that could significantly affect them.

Implications and Consequences

Many pre-SOX financial statements were signed by CEOs who meant to signify nothing more than "these financial statements may not be accurate, but they're not so bad that I couldn't talk my auditor into signing off on them." Since SOX, CEOs and CFOs risk considerable personal responsibilities if they do not believe that the filings they sign are accurate and have not put into place reliable internal financial controls so that they can reasonably have some faith in their own beliefs. SOX also refers to these internal financial controls in Section 404.

It is likely no coincidence that when this provision and Section 906 (which sets forth criminal penalties for false certification of financial statements) first applied to large public companies in August of 2002, HealthSouth's CFO resigned rather than certify the accuracy of HealthSouth's financial statements. His resignation tipped over the first domino, starting the process that within six months or so led to the uncovering of one of America's largest financial frauds. By August 2003, the SEC had nailed its first CEO and CFO for certifying reports without good faith (Prentice, 2005).

SECTION 404

The Problem

In Section 404, according to Robert Prentice (2005), Congress again addressed the problem of the accuracy and reliability of public companies' financial statements. Section 302 requires CEOs and CFOs to certify that to their knowledge the reports their companies file with the SEC are accurate. But how are they to know that the information upon which they predicate their beliefs is reliable?

Perhaps more to the point, company executives, notably Jeff Skilling, former CEO of Enron, testified before Congress that they just had no idea that their companies' financial statements were off by billions of dollars. Congress sought to deprive these executives of plausible deniability.

The Solution

Complementing Section 302, Section 404 requires each annual report to contain an "internal control report" stating the responsibility of management for establishing and maintaining an adequate internal control structure so that accurate financial statements could be produced and contain an assessment, as of the end of the most recent fiscal year, of the effectiveness of the internal control structure and procedures. Section 404 also requires auditors to audit the internal control assessment of the company as well as the financial statements.

Implications and Consequences

Section 404 is the most controversial of the provisions of Sarbanes-Oxley. During the Watergate era when the scandals that led to passage of the Foreign Corrupt Practices Act (FCPA) erupted, many top executives of leading companies testified before Congress that they had no idea how low-level underlings had laid their hands on millions of dollars of company assets to pay bribes to foreign government officials in order to land contracts for the companies. The FCPA required public companies to institute effective internal controls to stop the bribes and to make executives accountable. Section 404 goes further, but has similar goals.

Section 404 focuses on internal financial controls, so that information used to produce financial statements is reliable. "Best practices" may include:

- A disclosure committee to review procedures and processes
- A disclosure coordinator, to be the one person anyone in the organization can go to with a question and who tries to keep everyone on the same page
- A time line and responsibility chart
- Subcertifications, where lower level employees certify the accuracy of the information they send up the line
- Codes of conduct for all accounting and financial employees
- Lots of consultation with internal audit and outside advisors (many consultants are currently specializing in helping companies set up effective internal controls), and
- Establishing documentation procedures [6]

Many companies have indicated that Section 404 is no problem for them. They are well managed and already have such controls in place so that they can know where they are profitable and where they are incurring losses. For example, Dell Computer expected to spend only $250,000, mostly documenting already existing controls. Other companies, however, have found it quite expensive to set up, document, and evaluate such controls. General Electric claims it spent $30 million in so doing, and one study found an average cost of $3.1 million for 224 public companies surveyed. Much of this expense, of course, is a one time only cost to set up and document the controls. But ongoing maintenance and evaluation will not be cheap. It also costs resources for outside auditors to audit these controls, perhaps 20-100% of the pre-404 audit fees, although one estimate is that average public company audit fees before SOX were only 1/20th of 1 percent of company revenues [6].

Even companies that have found Section 404 to be expensive to implement have often realized large cost savings because the new controls revealed inefficiencies or frauds that were previously undetectable. Some controllers of public companies have used Section 404's mandates to gain permission and resources to institute changes that they had wanted to make for years. Some British companies coming within SOX's reach announced that they intended to gain efficiency by instituting the controls, although they expressed doubt that the monetary savings would exceed costs of implementation.

INTERNAL CONTROL ACCORDING TO COSO

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) views internal control as a process affected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives. The reasonable assurance relates to the categories of effectiveness and efficiency of operations, reliability of financial reporting, compliance with applicable laws and regulations and safeguarding of assets against unauthorized acquisition, use or disposition [2].

ANNUAL REPORT INFORMATION

The annual reporting of MGM Mirage Casino, Penn National Gaming, Inc., and Harrah's Entertainment, Inc. are considered and contrasted. The annual reporting of Hilton Hotels Corporation, Marriott International, Inc., and Choice Hotels International Inc. are also considered and contrasted. The year 2002 is used as the base year for consideration and comparison with years 2003 – 2008. The focus is on the annual internal control report and the independent auditor's report. The year the SOX Act was passed resulted in Auditing Standard No. 2 (AS 2) from the US Public Company Accounting Oversight Board (PCAOB). The question remains whether the requirements for internal control effectiveness opinions and deficiency reporting under the Act and AS 2 provide enough information to assure all stakeholders that corporations have sound internal control, compliance, and governance frameworks and that such reliability of financial reporting is improving [4].

This paper considers changes in the reporting over the years that tends to lead to better information and general reliability. For both industries, as well as possible global organizations, accounting implications are based on the SEC idea of a single set of rules.

INTERNAL CONTROLS REPORT

The MGM Mirage Casino 2002 internal controls report had four paragraphs consisting of:

1. Management's responsibility
2. Objective of internal control
3. Management's evaluation
4. Report of independent registered public accounting firm

In 2005, the paragraph continued with the exclusion of Mandalay Resort Group because of such business representing only 47% of the company's total assets. This statement was not repeated in 2006-2008.

Penn National Gaming, Inc. in 2004 established disclosure controls and procedures specified in the Rules and Forms of the SEC. As stated in 1 a. b. and c. below and the two paragraphs by management consisting of:

1. Evaluation of disclosure controls and procedures.

   a. Established disclosure controls and procedures.
   b. Reasonable assurance, judgment and cost-benefit relationship.
   c. As defined in Rule 13(a)-15(e) under the Securities Exchange Act of 1934, the disclosure controls and procedures are effective.
2. Management is responsible for establishing and maintaining adequate internal control.
3. No significant changes in internal controls.

In 2005, the paragraphs were the same except in the management paragraph they excluded the operations of Argosy Gaming Company from their assessment of internal control because it was acquired by the company in a purchase business combination during fiscal year 2005. The exclusion was not repeated in 2006-2008.

Harrah's Entertainment, Inc. 2002 internal control report had four paragraphs, excluding the disclosure controls and procedures, but including rules under the Securities Exchange Act of 1934, consisting of:

1. Reasonable assurance of reliability.
2. Evaluated effectiveness based on the Treasury Commission Framework.
3. Issuance of an attestation report on management's assessment by Deloitte and Touché LLP.
4. No changes in internal control over financial reporting.

In 2005, the company added a paragraph that included the acquisition of Caesars in June, 2005. In addition, the last paragraph again makes mention of Caesars operations to be included in the first annual assessment to be reported as of December 31, 2006. In 2006, the company added a paragraph that included the acquisition of London Clubs International PLC during the fourth quarter of 2006. They excluded LCI from the scope of their annual report. In addition, the last paragraph again makes mention of LCI being excluded.

Comparisons among the three companies indicated that MGM Mirage was more specific as to significant elements of the company's internal control over financial reporting. For example:

- Hiring skilled accounting personnel and training them appropriately;
- Written accounting policies;
- Written documentation of accounting systems and procedures;
- Segregation of incompatible duties;
- Internal audit function to monitor the effectiveness of the system of internal control;
- Oversight by an independent Audit Committee of the Board of Directors.

Penn National Inc. and Harrah's Entertainment, Inc. included disclosure controls and procedures paragraphs to define controls more broadly. Also, they specifically stated any acquisitions and why such acquisitions were excluded in the current year of disclosure. None of the companies made any mention of the SOX Act of 2002. Table 1 summaries the paragraph comparisons year by year.

The hotel industry companies' internal control reports have from none to three paragraphs for years 2002 and 2003 consisting of:

1. Integrity, objectivity, and a highly developed system.
2. Conformity with accounting principles generally accepted in the United States.
3. Audit Committee.

In 2004, Hilton Hotels Corporation added management's report on internal control over financial reporting consisting of:

1. Accordance with United States generally accepted accounting principles.

2. Framework based on the Treadway Commission's Report (COSO).
3. Independent registered public accounting firm's attestation report.
4. No changes that have a material affect.

In 2004, Marriott International, Inc. added four paragraphs consisting of:

1. Reporting supported by written policies and procedures.
2. May not prevent or detect misstatements.
3. Criteria based on the Treadway Commission's Report (COSO).
4. Independent registered public accounting firm's report appears in the annual report.

Marriott eliminated the audit committee paragraph and language referring to a highly developed system. In 2004, Choice Hotels International, Inc. added management's report on internal control over financial reporting consisting of:

1. Accordance with generally accepted accounting principles.
2. Inherent limitations and risk.
3. Criteria based on the Treadway Commission's Report (COSO).
4. Auditing firm's report which appears herein.

For 2005- 2008, the companies mention supervision by the Chief Executive Officer and Chief Financial Officer and any excluded assets. In particular, Marriott and Choice Hotels had very consistent language for both years. The summary of the analysis is reported in Table 2.

INDEPENDENT AUDITOR'S REPORT

The independent auditor's report generally follows the format of the following paragraphs:

1. Introductory
2. Scope
3. Opinion

Historically, audit reports referred simply to Generally Accepted Auditing Standards and Generally Accepted Accounting Principles. Harrah's Entertainment, Inc. and Penn National, Inc. both had a discussion paragraph after the opinion paragraph.

In 2002, Penn National Gaming, Inc. annual report added a paragraph on statement of Financial Accounting Standards No. 142. In 2004, a fourth paragraph addressed the standards of the Public Company Accounting Oversight Board and the Treadway Commission Framework relative to internal control. The same paragraph continued in 2005 – 2008.

In 2004, MGM Mirage annual report added a paragraph on internal control effectiveness based on the Standards of the Public Company Accounting Oversight Board and the Treadway Commission Framework. The same paragraph continued for years 2005 – 2008.

Similarly, in 2004, Harrah's Entertainment, Inc. annual report added a paragraph similar to the one added by Penn National Gaming Inc. That same paragraph continued in 2005 – 2008.

The auditors of all three companies recognized the importance of disclosing the PACOB Standards and Treadway Commission Framework. The summary of the analysis is reported in Table 3

The hotel industry companies' independent auditor's reports generally follow the format of the following paragraphs:

1. Introductory
2. Scope
3. Opinion

However, Hilton's auditors added additional paragraphs to address the reports of the prior auditors who had ceased operations. The financial statements have been revised to include necessary adjustments and to indicate no opinion or any form of assurance on 2001 or 2000 financial statements taken as a whole. In addition, in 2004-2008, Hilton's auditors added a paragraph on criteria established by the Treadway Commission. For the same time period, Marriott's auditors added language relative to the Public Company Accounting Oversight Board. Marriott's auditors had added a paragraph on criteria established by the Treadway Commission but makes no mention of the Public Company Accounting Oversight Board for the year 2005. At the same time, Choice Hotels' auditors had a combined report that included internal control over financial reporting. Hilton and Marriott had separate reports by their auditors relative to internal control over financial reporting. The summary of the analysis is reported in Table 4.

COMPARISON OF INDUSTRIES

Management's Report on internal control over financial reporting by the companies in both industries was detailed and specific. For example, MGM Mirage annual report stated the exclusion of Mandalay Resort Group and the business units acquired in the merger with Mandalay that closed on April 25, 2005. Such business represented approximately 47% of the company's total assets as of December 31, 2005 and 29% of the company's total revenues for the year ended December 31, 2005.

In 2006, Hilton Annual Report stated, as permitted by the Securities and Exchange Commission, management's evaluation excluded the lodging assets acquired from Hilton Group PLC on February 23, 2006; such businesses represented approximately 51% of their total assets as of December 31, 2006 and 38% of their total revenue for the year ended December 31, 2006. However, none of the companies reported any specific mention of SOX or particular sections of SOX. By 2006, all annual reports, mentioned the audits by the Public Accounting Firms, were concluded in accordance with the Standards of the Public Company Accounting Oversight Board (United States). Harrah's and Penn mentioned the Securities Exchange Act of 1934 including Rules 13(a)-15(f).

The independent auditors' reports are similar in their opinion of the financial statements by both industries. Within the hotels' reporting, the independent auditors added a separate report on internal control over financial reporting. Essentially, Choice Hotels had an extensive report that included a separate section on internal control over financial reporting. Hilton and Choice Hotels had interesting reports with the transition from Arthur Andersen LLP to Ernst & Young LLP and PricewaterhouseCoopers LLP, respectively as the independent registered public accounting firms.

Penn National Gaming, Inc. on June 12, 2006 dismissed BDO Seidman, LLP as their independent registered public accounting firm and engaged Ernst and Young, LLP as their new firm. This lead to an extensive report by EY on management's assessment on internal control over financial reporting.

The reports of Deloitte and Touché, LLP for MGM Mirage used an integrated approach related to the audit and internal controls. An expanded paragraph addressed the company's internal control over financial reporting. In addition, D&T addressed inherent limitations of internal control over financial reporting. BDO Seidman, LLP used the same format for Penn, but only for 2004.

Differences exist among U.S. companies within an industry, as well as between different industries, as demonstrated in this paper. Each industry has common language, issues, and reporting. Both industries reported an explanatory trend in addressing internal control in detail. The primary focus is on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In addition, the report referred to the standards of the Public Company Accounting Oversight Board (United States).

CONCLUSIONS

The Sarbanes-Oxley Act is a landmark piece of Federal Regulation that continues to be debated even by the president and vice-president of the United States. It created a new Federal Agency (the PCAOB) that has forced corporations at home and abroad to revamp their governance practices. The Act changed the accounting industry, protected whistleblowers, created many new crimes (especially for document destruction), and increased punishment for violation of many existing ones. However, the immediate purpose of restoring confidence in the securities markets has been accomplished [3].

The contribution of the independent auditor is to provide credibility to information by publicly submitting their report in the form of an opinion as to the fairness of the financial statements. Independent auditors have no material personal or financial interest in the business, therefore, their reports can be expected to be impartial and free from bias.

The changing format and information, as illustrated by the specific reports in the annual reports, has been prompted by the Sarbanes-Oxley Act. Corporations strive for full disclosure but the presentations, including the details, will vary based on management's focus and priorities as well as their business practices.

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Table 1: Management's Report of Casinos

HARRAH'S ENTERTAINMENT, INC.							
Paragraph	**2002 (base)**	**2003 (Form 10-K)**	**2004 (Form 10-K)**	**2005 (Form 10-K)**	**2006 (Form 10-K)**	**2007 (Form 10-K)**	**2008 (Form 10-K)**
In 2004 added ***Managements' Report on Internal Control Over Financial Reporting***							
1	**-**	**-**	√	√	√	√	√
	-	**-**	**-**	**Added** ***new paragraph***	√	**-**	**-**
2	**-**	**-**	√	√	√	√	√
3	**-**	**-**	√	√	√	√	√
4	**-**	**-**	√	√	√	√	√
MGM MIRAGE							
Paragraph	**2002 (base)**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
In 2004 added ***Managements' Report on Internal Control Over Financial Reporting***							
1	-	-	√	√	√	√	√
2	-	-	√	√	√	√	√
3	-	-	√	√	√	√	√
4	-	-	√	√	√	√	√
5	-	-	√	√	√	√	√
PENN NATIONAL GAMING, INC.							
Paragraph	**2002 (base)**	**2003**	**2004**	**2005 (Form 10-K)**	**2006 (Form 10-K)**	**2007 (Form 10-K)**	**2008 (Form 10-K)**
In 2004 added ***Managements' Report on Internal Control Over Financial Reporting***							
1	-	-	√	√	√	√	√
2	-	-	√	√	√	√	√

Table 2: Management's Report of Hotels

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<tr><td colspan="8">HILTON HOTELS CORPORATION</td></tr>
<tr><td rowspan="2">Paragraph</td><td rowspan="2">2002 (base)</td><td>2003</td><td>2004</td><td>2005</td><td>2006</td><td>2007</td><td>2008</td></tr>
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<tr><td>with changes</td><td>N/A</td><td>N/A</td></tr>
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<tr><td colspan="6">Choice Hotels International</td><td></td><td></td></tr>
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Table 3: Independent Auditor's Report of Casinos

Harrah's Entertainment Inc.							
Paragraph	**2002 (base)**	**2003 (Form 10-K)**	**2004 (Form 10-K)**	**2005 (Form 10-K)**	**2006 (Form 10-K)**	**2007 (Form 10-K)**	**2008 (Form 10-K)**
1	√	√	√	√	√	√	√
2	√	√	√	√	√	√	√
3	√	√	√	√	√	√	√
4	*SFAS No.142 "Goodwill and other Intangible Assets"*	√	√	-	*SFAS No. 123 (R) "Share-Based Payment"*	1)SFAS № 123 2) FASB № 48 Uncertainty in Income Tax	1)FASB № 48
			Added new paragraph about Internal Control – Integrated Framework	√	√	√	√
In 2004 added: ***Report of Independent Registered Public Accounting Firm on Internal control over financial reporting***							
1	-	-	√	√	√	√	√
2	-	-	√	√	√	√	√
3	-	-	√	√	√	√	√
4	-	-	√	√	√	√	√
5	-	-	√	√	√	√	√
6	-	-	√	√	√	√	√
MGM Mirage							
Paragraph	**2002 (base)**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
1	√	√	√	√	√	√	√
2	√	√	√	√	√	√	√
3	√	√	√	√	√	√	√
	-	-	-	-	-	-	**Added New Paragraph about Going Concern**

	-	-	-	-	*SFAS No. 123 (R) “Share-Based Payment”*	**1)SFAS № 123 2) FASB № 48 Uncertainty in Income Tax**	**1)FASB № 48**
			Added *new paragraph about Internal Control – Integrated Framework*	√	√	√	√
In 2004 added: ***Report of Independent Registered Public Accounting Firm on Internal control over financial reporting***							
1	-	-	√	√	√	√	√
2	-	-	√	√	√	√	√
3	-	-	√	√	√	√	√
4	-	-	√	√	√	√	√
5	-	-	√	√	√	√	√
6	-	-	√	√	√	√	√
Penn National Gaming, Inc.							
Paragraph	**2002 (base)**	**2003**	**2004**	**2005 (Form 10-K)**	**2006 (Form 10-K)**	**2007 (Form 10-K)**	**2008 (Form 10-K)**
1	√	√	√	√	√	√	√
2	√	√	√	√	√	√	√
3	√	√	√	√	√	√	√
4	*SFAS No.142 “Goodwill and other Intangible Assets”*	*SFAS No.142*	-	-	*SFAS No. 123 (R) “Share-Based Payment”*	**1)SFAS № 123 2) FASB № 48 Uncertainty in Income Tax**	**1)FASB № 48**

	-	-	***Added new paragraph about Internal Control – Integrated Framework***	√	√	√	√
In 2004 added: ***Report of Independent Registered Public Accounting Firm on Internal control over financial reporting***							
1	-	-	√	√	√	√	√
2	-	-	√	√	√	√	√
3	-	-	√	√	√	√	√
4	-	-	√	√	√	√	√
				Acquired Argosy Gaming Company	-	-	-
5	-	-	√	√	√	√	√
6	-	-	√	√	√	√	√

Table 4: Independent Auditor's Report of Hotels

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Hilton Hotels Corporation								
Paragraph	**2002 (base)**	**2003 (Form 10-K)**	**2004 (Form 10-K)**	**2005 (Form 10-K)**	**2006 (Form 10-K)**	**2007 (Form 10-K)**	**2008 (Form 10-K)**
1	√	√	√	√	√		
2	√	√	√	√	√		
3	√	√	√	√	√		
4	√	√	-	-	-		
5	√	√	-	-	-		
6	*SFAS No.142 "Goodwill and Other Intangible Assets."*	√	-	-	*SFAS No. 123 (R) "Share-Based Payment"* *SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans"*		
	-	√	-	-	-		
7	√	√	-	-	-		

			Added *new paragraph about Internal Control – Integrated Framework*	√	√		
In 2004 added: ***Report of Independent Registered Public Accounting Firm on Internal control over financial reporting***							
1	-	-	√	√	√		
2	-	-	√	√	√		
3	-	-	√	√	√		
4	-	-	√	√	√		
					√		
	-	-	-	-	Added *New paragraph*		
5	-	-	√	√	√		
6	-	-	√	√	√		
Marriott International, Inc.							
Paragraph	**2002 (base)**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
1	√	√	√	√	√	√	-
2	√	√	√	√	√	√	-
3	√	√	√	√	√	√	-
4	*SFAS No.142*	√	-	-	*SFAS No. 123 (R)*		

	"Goodwill and Other Intangible Assets."				*Statement of the Position 04-2 "Accounting for Real Estate Time-sharing Transactions"*		
			Added *new paragraph about Internal Control – Integrated Framework*	√	√	√	-
In 2004 added: ***Report of Independent Registered Public Accounting Firm on Internal control over financial reporting***							
1	-	-	√	√	√	√	√
2	-	-	√	√	√	√	√
3	-	-	√	√	√	√	√
4	-	-	√	√	√	√	√
5	-	-	√	√	√	√	√
6	-	-	√	√	√	√	√
Choice Hotels International							
Paragraph	**2002 (base)**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
1	√	√	√	√	√	√	√
2	*SFAS No.142*	√	-	-	-	√	√

3	-	*SFAS No. 123* Accounting for Stock-Based Compensation	√	-	-	√	√
In 2004 added: ***Report of Independent Registered Public Accounting Firm on Internal control over financial reporting***							
1	-	-	√	√	√	√	√
2	-	-	√	√	√	√	√
3	-	-	√	√	√	√	√