APPENDIX 7C-10

Review—Adverse Conclusion Due to Material and Pervasive Departure from the Cash Basis after Implementing SSARS No. 25 (C Corporation)

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management

[Name of Company]

[City, State]

I (We) have reviewed the accompanying financial statements of [Name of Company], (a corporation), which comprise the statement of assets, liabilities, and equity—cash basis as of [Date], and the related statement of revenues, expenses, and retained earnings—cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I (we) do not express such an opinion.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant’s Responsibility

My (Our) responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me (us) to perform procedures to obtain limited assurance as a basis for reporting whether I am (we are) aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) conclusion.

I am (We are) required to be independent of [Name of Company], and to meet my (our) other ethical responsibilities in accordance with the relevant ethical requirements related to my (our) review.

Basis for Adverse Conclusion

As disclosed in Note [Letter or Number of Note] to these financial statements, under the cash basis of accounting, revenues are not accrued. Management has informed me (us), that the Company accrued certain revenues totaling $250,000. If the revenues were not accrued, receivables of $250,000 would not be recorded and retained earnings would be decreased by $160,000 as of [Date], and net income would be decreased by $160,000 for the year then ended.

Adverse Conclusion

Based on my (our) review, due to the significance of the matter described in the Basis for Adverse Conclusion paragraph, the financial statements are not in accordance with the cash basis of accounting.

Basis of Accounting

I (We) draw attention to Note [Letter or Number of Note] of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis
of accounting other than accounting principles generally accepted in the United States of America. My (Our) adverse conclusion is not modified with respect to this matter.

Firm's Signature

City, State

Report Date

Notes:

1. Authority—SSARS No. 25 (AR-C 90.A216, Illustration 7). SSARS 25, *Materiality in a Review of Financial Statements and Adverse Conclusions*, allows the accountant to express an adverse conclusion when the financial statements are materially and pervasively misstated. SSARS No. 25 is effective for reviews of financial statements for periods ending on or after December 15, 2021. Early implementation is allowed. SSARS No. 25 is discussed in section 102.

2. See applicable Notes to Appendix 7C-9.