

APPENDIX 6A-1**Compilation—Corporation on the U.S. GAAP Basis, Standard Report****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
 XYZ Company
 City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of September 30, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Normally, all reports are addressed to management, as many small entities do not have boards of directors and/or stockholders. Management may, or may not, include the owners of the entity.
4. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the company.
5. The report should be dated as of the completion of the accountant's work [SSARS No. 19 (AR 80.17g)]. Section 604 discusses dating the accountant's report.
6. The financial statements should have all notes necessary for a fair presentation under GAAP. If notes are omitted, see Appendix 6A-3.

7. Each page of the financial statements and notes should be appropriately headed such as:

XYZ COMPANY
BALANCE SHEET
December 31, 20XX

XYZ COMPANY
STATEMENT OF CASH FLOWS
Year Ended December 31, 20XX

XYZ COMPANY
STATEMENT OF INCOME
AND RETAINED EARNINGS
Year Ended December 31, 20XX

XYZ COMPANY
NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

8. Each financial statement should have a reference to the accountant's compilation report [SSARS No. 19 (AR 80.18)]. See discussion in section 504.
9. This standard report is appropriate if a combined statement of income and retained earnings is presented. If a separate statement of retained earnings (or statement of changes in stockholders' equity) is presented, the first sentence would be modified as follows:
- I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of September 30, 20XX, and the related statements of income, retained earnings (changes in stockholders' equity), and cash flows for the year then ended.
10. Appendixes 7B-1 through 7B-15 present illustrative accountants' compilation reports for interim financial statements.

APPENDIX 6A-2

Compilation—Corporation on the U.S. GAAP Basis, Lack of Independence

ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

I am (We are) not independent with respect to XYZ Company.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title.
3. SSARS No. 19 (AR 80.21) allows the accountant to disclose a description about the reason(s) that his or her independence is impaired, if the accountant so desires. If the accountant chooses to disclose such a description, the accountant should ensure that all of the reasons for not being independent are included in the description. There is no prescribed language for the optional disclosure. Depending on the facts and circumstances of the engagement, the length and wording of the disclosure may vary significantly. See the discussion of the optional disclosure in section 606. An example of the last paragraph is:

We are not independent with respect to XYZ Company as of and for the year ended December 31, 20XX, because the spouse of a partner in our firm is employed by XYZ Company.

4. Only a compilation report can be issued (*not a review*) when the accountant is not independent [SSARS No. 19 (AR 60.46)].
5. See ET 1.200 of the revised AICPA *Code of Professional Conduct* [formerly Rule 101 (ET 101)] regarding determination of independence.
6. See also the Notes to Appendix 6A-1.

APPENDIX 6A-3**Compilation—Corporation on the U.S. GAAP Basis, Substantially All Disclosures Omitted****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Selected notes to the financial statements, if presented, should be labeled as follows [SSARS No. 19 (AR 80.20)]:

XYZ COMPANY
SELECTED INFORMATION—Substantially All Disclosures Required by
[Identify the applicable financial reporting framework, for example Accounting Principles Generally Accepted in the United States of America] Are Not Included
December 31, 20XX

4. The accountant may only compile financial statements that omit substantially all disclosures when, to the accountant's knowledge, the omission is not undertaken to mislead the expected users of the financial statements. [SSARS No. 19 (AR 80.20)] See section 607 concerning reporting on financial statements that omit substantially all disclosures.
5. See also the Notes to Appendix 6A-1.

Appendix 6A-3

APPENDIX 6A-4**Compilation—Corporation on the U.S. GAAP Basis, Statement of Cash Flows Omitted****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
 XYZ Company
 City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of income and retained earnings for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During my (our) compilation, I (we) did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

A statement of cash flows for the year ended December 31, 20XX, has not been presented. Accounting principles generally accepted in the United States of America require that such a statement be presented when financial statements purport to present financial position and results of operations.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. A statement of cash flows is not required unless the financial statements purport to present *both* financial position and results of operations in accordance with GAAP (FASB ASC 230-10-15-3). Thus, the following statements do not require a statement of cash flows:
 - a. Balance sheet presented alone.
 - b. Income statement presented alone.
 - c. Statements prepared on other comprehensive bases of accounting. (See AU-C 800.A34.)
 - d. Personal financial statements.
4. See also the Notes to Appendix 6A-1.

APPENDIX 6A-5

Compilation—Corporation on the U.S. GAAP Basis, Measurement Departure from GAAP (Property Carried at Appraised Value) and Impact of Departure *Is Determined*

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During my (our) compilation, I (we) did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

As disclosed in Note B to the financial statements, accounting principles generally accepted in the United States of America require that land be stated at cost. Management has informed me (us) that the Company has stated its land at appraised value and that, if accounting principles generally accepted in the United States of America had been followed, the land account and stockholders' equity would have been decreased by \$500,000.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. If the accountant believes that modification of the standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, he should withdraw from the compilation engagement and provide no further services with respect to those financial statements. The accountant may wish to consult with legal counsel in these circumstances [SSARS No. 19 (AR 80.29)].
4. The accountant should also be aware of the optional paragraph that may be included when there are pervasive departures. See Note 4 to Appendix 6A-6.
5. See also the Notes to Appendix 6A-1.

Appendix 6A-5

APPENDIX 6A-6

Compilation—Corporation on the U.S. GAAP Basis, Measurement Departure from GAAP (Manufacturing Overhead Excluded from Inventory and Leases Not Capitalized) and Impact of Departure *Not Determined*

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During my (our) compilation, I (we) did become aware of certain departures from accounting principles generally accepted in the United States of America that is described in the following paragraph.

As disclosed in Note B to the financial statements, accounting principles generally accepted in the United States of America require that inventory cost consists of material, labor, and overhead. Management has informed me (us) that the inventory cost of finished goods and work in process in the accompanying financial statements does not include overhead. Furthermore, as discussed in Note C, the Company has several leases for major equipment that, in accordance with accounting principles generally accepted in the United States of America, should be presented as capital leases. Management has informed me (us) that these leases have been presented as operating leases, rather than capital leases. The effect of these departures on the financial statements has not been determined.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. If the accountant believes that modification of the standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, he should withdraw from the compilation engagement and provide no further services with respect to those financial statements. The accountant may wish to consult with legal counsel in these circumstances [SSARS No. 19 (AR 80.29)].

4. The following final report paragraph is optional according to Interpretation No. 1 of AR 80. (AR 9080.01-.04):

Because the significance and pervasiveness of the matters previously discussed makes it difficult to assess their impact on the financial statements as a whole, users of these financial statements should recognize that they might reach different conclusions about the Company's financial position, results of operations, and cash flows if they had access to revised financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

(See section 610 of this *Guide*.)

5. See also the Notes to Appendix 6A-1.

APPENDIX 6A-7

Compilation—Corporation on the U.S. GAAP Basis, Balance Sheet Only

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX. I (We) have not audited or reviewed the accompanying balance sheet and, accordingly, do not express an opinion or provide any assurance about whether the balance sheet is in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of a financial statement without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The presentation of a balance sheet only also requires appropriate note disclosures. If notes are omitted, see Appendix 6A-8.
4. See Appendix 6A-9 for a report on an income statement only.
5. The accountant may be engaged to compile both a complete set of financial statements for the entity and a balance sheet for the same period. This occurs occasionally when the client requests a balance sheet to give to vendors for credit purposes. In these circumstances, the tendency is to simply attach the notes associated with the complete financial statements. However, the authors believe that the notes to complete financial statements that do not pertain to the balance sheet should be omitted to provide a relevant presentation.
6. See also Notes 1–8 to Appendix 6A-1.

APPENDIX 6A-8**Compilation—Corporation on the U.S. GAAP Basis, Balance Sheet Only, Substantially
All Disclosures Omitted****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX. I (We) have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included with the balance sheet, they might influence the user's conclusions about the Company's financial position. Accordingly, this balance sheet is not designed for those who are not informed about such matters.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. See also the Notes to Appendix 6A-1 and the Notes to Appendix 6A-3.

APPENDIX 6A-9**Compilation—Corporation on the U.S. GAAP Basis, Income Statement Only****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
 XYZ Company
 City, State

I (We) have compiled the accompanying income statement of XYZ Company (a corporation) for the year ended December 31, 20XX. I (We) have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The authors believe the presentation of an income statement only does not require retained earnings to be presented. It does, however, require appropriate note disclosure. If notes are omitted, a paragraph such as the following should be added to the report:

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included with the income statement, they might influence the user's conclusions about the Company's results of operations. Accordingly, this income statement is not designed for those who are not informed about such matters.

4. See Appendix 6A-7 for an accountant's report on a balance sheet only.
5. See also the Notes to Appendix 6A-1.

APPENDIX 6A-10**Compilation—Corporation on the U.S. GAAP Basis, Substantially All Disclosures Omitted and
Statement of Cash Flows Omitted****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of income and retained earnings for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. See also the Notes to Appendixes 6A-3 and 6A-4.

APPENDIX 6A-11**Compilation—Corporation on the U.S. GAAP Basis, Supplementary Information Compiled****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
 XYZ Company
 City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. I (We) have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Firm's Signature

Report Date

Notes:

1. Authority—Paragraph 3.41 of the AICPA CAR Guide and AR 80.53.
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Each schedule of supplementary information should be headed such as the following:

XYZ COMPANY
 SCHEDULE I—ANALYSIS OF COST OF SALES
 Year Ended December 31, 20XX
4. A reference to the accountant's compilation report should be made on each page of the financial statements and supplementary schedules such as:

See accountant's report.

5. The accountant may prefer to present a standard compilation report on the basic financial statements (see Appendix 6A-1) and issue a separate report discussing the level of service on the supplementary information. An example of a separate report follows:

My (Our) report on my (our) compilation of the basic financial statements of XYZ Company for 20XX appears on page XX. The information included in the accompanying Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. I (We) have not audited or reviewed the supplementary information and, accordingly, I (we) do not express an opinion or provide any assurance on the supplementary information.

6. See Appendix 6A-18 for an example report when compiled financial statements omit substantially all disclosures and the statement of cash flows and are accompanied by supplementary information.
7. If a separate report is issued, it should be placed on the page immediately preceding the supplementary information. Some firms also title the report "Accountant's Compilation Report on Supplementary Information." The report on the supplementary information should bear the same date as the compilation report on the basic financial statements.
8. When the accountant issues a separate report, the reference to the accountant's report on the supplementary schedules should be modified as follows:

See accountant's report on supplementary information.

9. See also the Notes to Appendix 6A-1.

APPENDIX 6A-12

Compilation—Corporation on the U.S. GAAP Basis, Supplementary Information Not Compiled

(INDEPENDENT) ACCOUNTANT’S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. I (We) have not compiled, reviewed, or audited the supplementary information, and do not express an opinion or provide any form of assurance on it.

Firm’s Signature

Report Date

Notes:

1. Authority—Paragraph 3.41 of the AICPA CAR Guide and AR 80.53.
2. SSARS No. 19 (AR 80.17a) states that the accountant’s report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Each schedule of supplementary information should be headed such as the following:

XYZ COMPANY
 SCHEDULE I—ANALYSIS OF COST OF SALES
 Year Ended December 31, 20XX
4. A reference to the accountant’s compilation report should be made on each page of the financial statements and supplementary schedules such as:

See accountant’s report.
5. See Appendix 6A-11 for an example report when supplementary information has been compiled.
6. See Appendix 6A-18 for an example report when compiled financial statements omit substantially all disclosures and the statement of cash flows and are accompanied by supplementary information.
7. See also the Notes to Appendix 6A-1.

APPENDIX 6A-13**Compilation—Corporation on the U.S. GAAP Basis, Disclosure Departure (Failure to Disclose Information about Financial Instruments with Concentrations of Credit Risk) from GAAP and Impact of Departure Is Determined****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During my (our) compilation, I (we) did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

The Company's financial statements do not disclose that as of December 31, 20XX, receivables from companies in the computer software industry totaled \$123,000. Disclosure of that information is required by accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. See also the Notes to Appendix 6A-1.

APPENDIX 6A-14

Compilation—Corporation on the U.S. GAAP Basis, Disclosure Departure from GAAP (Failure to Disclose Future Commitments under Long-term Operating Leases) and Impact of Departure *Not Determined*

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During my (our) compilation, I (we) did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

The Company's financial statements do not disclose the amount of future rental commitments under long-term operating leases for approximately 100 retail store outlets. Disclosure of that information is required by accounting principles generally accepted in the United States of America; however, management believes it is impracticable to develop the information.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. See also the Notes to Appendix 6A-1.

APPENDIX 6A-15**Compilation—Corporation on the U.S. GAAP Basis, Income Statement Accompanied
by Expired Budget Information****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income, retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The supplementary budget information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary budget information has been compiled from information that is the representation of management. I (We) have not audited or reviewed the supplementary budget information and, accordingly, do not express an opinion or provide any assurance on such supplementary budget information.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. This report is appropriate when expired budgeted information is presented alongside a historical income statement (for example, a columnar presentation of "actual vs. budget") and the accountant has compiled both. If the historical income statement is accompanied by unexpired budget information, such information is considered prospective in nature and the accountant must report on it separately. Chapter 14 discusses providing services and reporting on prospective information.
4. Each column of the presentation should be clearly marked (e.g., "Historical" and "Budgeted").

5. The financial statements should be appropriately headed such as:

XYZ COMPANY
 STATEMENTS OF INCOME—HISTORICAL AND BUDGETED
 December 31, 20XX

Disclosure in the column headings could be as follows:

	<u>Historical</u>	<u>Budgeted</u>
Sales	\$ X,XXX	\$ X,XXX

6. Although accountants usually may choose to issue a separate report on supplementary information, the authors do not recommend that alternative in this situation since the historical and supplemental information is presented side by side.
7. See also the Notes to Appendix 6A-1.

APPENDIX 6A-16**Compilation—Corporation on the U.S. GAAP Basis, Measurement Departure from GAAP
(Depreciation Computed Using Modified Accelerated Cost Recovery System Guidelines)
and Impact of Departure *Not Determined*****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During my (our) compilation, I (we) did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

As disclosed in Note B to the financial statements, accounting principles generally accepted in the United States of America require that fixed assets be depreciated over their estimated useful lives. The Company has computed depreciation on several fixed assets in accordance with the Modified Accelerated Cost Recovery System required for federal income tax purposes, which does not allocate depreciation to expense over the estimated useful lives of the assets. The effect of this departure on the financial statements has not been determined.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. See also Notes to Appendix 6A-6.

APPENDIX 6A-17

Compilation—Corporation on the U.S. GAAP Basis, Measurement Departure from GAAP (Omission of Deferred Taxes) and Impact of Departure *Not Determined*, Substantially All Disclosures and Statement of Cash Flows Omitted

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of income and retained earnings for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During my (our) compilation, I (we) did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

Accounting principles generally accepted in the United States of America require that deferred income taxes be recognized for the tax effects of differences between the financial and tax bases of assets and liabilities and for operating losses and tax credits that are available to offset future taxable income. The Company has not recorded deferred taxes in the accompanying financial statements. The effect of this departure on the financial statements has not been determined.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. See also the Notes to Appendixes 6A-3, 6A-4, and 6A-6.

APPENDIX 6A-18**Compilation—Corporation on the U.S. GAAP Basis, *Compiled Supplementary Information Presented, Substantially All Disclosures and Statement of Cash Flows Omitted*****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. I (We) have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64) and Paragraph 3.41 of the AICPA CAR Guide.
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Because the fourth paragraph refers to the lack of required disclosures in the financial statements, and because there are no required disclosures for supplementary information, accountants need not modify that paragraph to also refer to the supplementary information.
4. See also the Notes to Appendixes 6A-3, 6A-4, and 6A-11.

Appendix 6A-18

APPENDIX 6A-19

Compilation—Standard Report on U.S. GAAP Consolidated Financial Statements of a Corporation

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying consolidated balance sheet of XYZ Company (a corporation) and subsidiaries as of September 30, 20XX, and the related consolidated statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying consolidated financial statements and, accordingly, do not express an opinion or provide any assurance about whether the consolidated financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of consolidated financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the consolidated financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The first paragraph identifies the financial statements covered by the accountant's report, and the titles of the financial statements should be identical to the titles on the corresponding financial statements. Practice varies in this regard, and the financial statements presented may or may not be preceded by the word "consolidated." Some accountants use the word "consolidated" when identifying the financial statements in the accountant's report, regardless of whether that word is included in the corresponding financial statements, and other accountants do not. (The SSARS are silent on the form of report on consolidated financial statements.)
4. The accountant's report discloses the companies whose financial statements have been compiled. Usually, the parent company is referred to by name; subsidiaries are not named individually but referred to collectively. If all subsidiaries are consolidated, typical references are "XYZ Company and subsidiaries," "XYZ Company and its subsidiaries," or "XYZ Company and subsidiary companies."
5. See also the Notes to Appendix 6A-1.

APPENDIX 6A-20**Compilation—Standard Report on U.S. GAAP Basis Combined Financial Statements****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
X Company, Y Company, and Z Company
City, State

I (We) have compiled the accompanying combined balance sheet of X Company, Y Company, and Z Company as of September 30, 20XX, and the related combined statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying combined financial statements and, accordingly, do not express an opinion or provide any assurance about whether the combined financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the combined financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of combined financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the combined financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The addressee of the report depends on the relationship of the companies whose financial statements are combined. For example:
 - "To Management of XYZ Company and Affiliates" or ". . . XYZ Company and Related Companies" may be used when companies are related through common ownership.
 - "To Management of X Company, Y Company, and Z Company" may be used if the companies are under common management, but not affiliated through common ownership.
 - The report may be addressed to an individual if he owns a controlling interest in companies that are related in their operations.
4. Some accountants only use the word "combined" in the accountant's report if the financial statements are so titled. The form of financial statements that is presented and the corresponding reference in the accountant's report will depend, in part, on the type of entities whose financial statements are combined and the detail that is necessary for adequate disclosure. However, the manner of reporting owners' investments and retained

earnings will vary. For example, if the combined financial statements include only corporate entities, it may be appropriate to combine the details of the common stock and retained earnings accounts. In those cases, statements of income and retained earnings would be presented. In other cases, owners' investment may be presented as a single amount (for example, when the financial statements of a corporation and a partnership are combined). In those cases, a statement of owners' investment (or stockholders' investment) would be presented. In all cases, appropriate disclosure of the details of owners' equity should be made in the notes to the financial statements.

5. The companies whose financial statements have been compiled are identified as concisely as possible, and, in most cases, the reference coincides with the companies as they are referred to in the report address. However, the relationship of the companies presented and the reasons for presenting combined financial statements should be disclosed, typically, in a note to the financial statements. Some accountants, however, also describe the relationship in the first paragraph (e.g., by including a sentence identifying the specific companies that are included in the combined financial statements and indicating that they are under common ownership or management).
6. See also the Notes to Appendix 6A-1.

APPENDIX 6A-21**Compilation—Wholly-owned Subsidiary Corporation on the U.S. GAAP Basis, Standard Report****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation and wholly-owned subsidiary of ABC Corporation) as of September 30, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The standard report on separate financial statements of a subsidiary, branch, or division is similar to the standard report illustrated in Appendix 6A-1, except that the company's status (for example, a subsidiary or branch) generally is disclosed in the report. The disclosure may be made parenthetically after the name of the company in the first paragraph. The disclosure is generally combined with the disclosure of the type of legal entity, e.g., "ABC Company (a Texas corporation and wholly-owned subsidiary of DEF Company)."
4. See also the Notes to Appendix 6A-1.

APPENDIX 6A-22

Compilation—Corporation on the U.S. GAAP Basis, Measurement Departure from GAAP (Omission of Provision for Uncollectible Accounts Receivable) and Impact of Departure Not Determined, Substantially All Disclosures and Statement of Cash Flows Omitted

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of income and retained earnings for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During my (our) compilation, I (we) did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

Accounting principles generally accepted in the United States of America require that a provision for uncollectible accounts receivable be recorded. The Company has not recorded such a provision for uncollectible accounts receivable in the accompanying financial statements. The effect of this departure on the financial statements has not been determined.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. See also the Notes to Appendix 6A-3, 6A-4, and 6A-6.

APPENDIX 6A-23**Compilation—Corporation on the U.S. GAAP Basis, Measurement Departure from GAAP
(Omission of Income Tax Accrual) and Impact of Departure *Not Determined*,
Substantially All Disclosures and Statement of Cash Flows Omitted****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of income and retained earnings for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During my (our) compilation, I (we) did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

Accounting principles generally accepted in the United States of America require that income taxes be accrued. Management has informed me (us) that the Company has not accrued income taxes in the accompanying financial statements. The effect of this departure on the financial statements has not been determined.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. See also the Notes to Appendixes 6A-6 and 6A-10.

APPENDIX 6A-24**Compilation—Branch of a Corporation on the U.S. GAAP Basis, Standard Report****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of the ABC Branch Office of XYZ Company (a corporation) as of September 30, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The standard report on separate financial statements of a subsidiary, branch, or division is similar to the standard report illustrated in Appendix 6A-1, except that the company's status (for example, a subsidiary or branch) generally is disclosed in the report. The disclosure may be made parenthetically after the name of the company in the first paragraph.
4. See also the Notes to Appendix 6A-1.

APPENDIX 6A-25**Compilation—Corporation on the U.S. GAAP Basis, Comprehensive Income Omitted****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income, retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During my (our) compilation, I (we) did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

Comprehensive income for the year ended December 31, 20XX, has not been presented. Accounting principles generally accepted in the United States of America require that comprehensive income and its components be presented when financial statements purport to present financial position, results of operations, and cash flows.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Comprehensive income is not required unless the financial statements purport to present financial position, results of operations, and cash flows in accordance with GAAP. Thus, the following statements do not require comprehensive income:
 - a. Balance sheet presented alone.
 - b. Income statement presented alone.
 - c. Statement of cash flows presented alone.

- d. Balance sheet and statement of cash flows.
- e. Income statement and statement of cash flows.

However, if the omission of one or more financial statements is a departure from GAAP, omission of comprehensive income and its components is also a departure from GAAP.

- 4. See also the Notes to Appendix 6A-1.

APPENDIX 6A-26**Compilation—Corporation on the U.S. GAAP Basis, Substantially All Disclosures Omitted and Display of Comprehensive Income Omitted****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the display of comprehensive income required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the display of comprehensive income were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64), and Interpretation No. 10 of AR 80 (AR 9080.28–.31).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. See also the Notes to Appendix 6A-3.

APPENDIX 6A-27**Compilation of a U.S. GAAP Basis Specified Element, Account, or Item of a Financial Statement****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
 XYZ Company
 City, State

I (We) have compiled the accompanying schedule of accounts receivable of XYZ Company (a corporation) as of December 31, 20XX. I (We) have not audited or reviewed the accompanying schedule of accounts receivable and, accordingly, do not express an opinion or provide any assurance about whether the schedule of accounts receivable is in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the schedule of accounts receivable in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the schedule of accounts receivable.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of a schedule of accounts receivable without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the schedule of accounts receivable.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 13 (AR 110.17).
2. AR 110.11a states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Normally, all reports are addressed to management, as many small entities do not have boards of directors and/or stockholders. Management may, or may not, include the owners of the entity.
4. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the company.
5. The report should be dated as of the completion of the accountant's work. (See section 604.)
6. The accountant is not precluded from issuing a compilation report on one or more specified elements, accounts, or items of a financial statement for an entity with respect to which the accountant is not independent. If the accountant is not independent, he or she should disclose the lack of independence. When the accountant is not independent, the following should be included as the last paragraph of the report:

I am (We are) not independent with respect to XYZ Company.

AR 110.14 allows the accountant to disclose a description about the reason(s) that his or her independence is impaired, if the accountant so desires. If the accountant chooses to disclose such a description, the

accountant should ensure that all of the reasons for not being independent are included in the description. There is no prescribed language for the optional disclosure. Depending on the facts and circumstances of the engagement, the length and wording of the disclosure may vary significantly. See the discussion of the optional disclosure in section 606. An example of the last paragraph with the optional disclosure is:

I am (We are) not independent with respect to XYZ Company as of and for the year ended December 31, 20XX, because the spouse of a partner in our firm is employed by XYZ Company.

7. The bottom of each page of the compiled specified elements, accounts, or items of a financial statement should include a reference to the accountant's report.

APPENDIX 6A-28**Compilation of U.S. GAAP Basis Pro Forma Financial Information****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
 XYZ Company
 City, State

I (We) have compiled the accompanying pro forma financial information of XYZ Company (a corporation) as of December 31, 20XX, reflecting the business combination of the Company and ABC Company. The historical condensed financial statements are derived from the historical unaudited financial statements of XYZ Company, which were compiled by me (us), and of ABC Company, which were compiled by other accountants. I (We) have not audited or reviewed the accompanying pro forma financial information and, accordingly, do not express an opinion or provide any assurance about whether the pro forma financial information is in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the pro forma financial information in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the pro forma financial information.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of pro forma financial information without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the pro forma financial information.

The objective of this pro forma financial information is to show what the significant effects on the historical information might have been had the transaction (or event) occurred at an earlier date. However, the pro forma financial information is not necessarily indicative of the results of operations or related effects on financial position that would have been attained had the above-mentioned transaction (or event) actually occurred earlier.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 14 (AR 120.20).
2. AR 120.14a states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Normally, all reports are addressed to management, as many small entities do not have boards of directors and/or stockholders. Management may, or may not, include the owners of the entity.
4. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the company.
5. The report should be dated as of the completion of the accountant's work. (See section 604.)

6. If management elects to omit substantially all disclosures, the accountant should include an additional paragraph that reads as follows:

Management has elected to omit substantially all of the disclosures ordinarily included in pro forma financial information. The omitted disclosures might have added significant information regarding the company's pro forma financial position and results of operations. Accordingly, this pro forma financial information is not designed for those who are not informed about such matters.

SSARS No. 14 (AR 120.12), footnote 6, states that the accountant may not issue a compilation report on pro forma financial information that omits the summary of significant assumptions. However, although not the norm, management may elect to present the summary of significant assumptions on the face of the financial statements and omit all disclosures.

7. The accountant is not precluded from issuing a compilation report on pro forma financial information for an entity with respect to which the accountant is not independent. If the accountant is not independent, he or she should disclose the lack of independence. When the accountant is not independent, the following should be included as the last paragraph of the report:

I am (We are) not independent with respect to XYZ Company.

AR 120.17 allows the accountant to disclose a description about the reason(s) that his or her independence is impaired, if the accountant so desires. If the accountant chooses to disclose such a description, the accountant should ensure that all of the reasons for not being independent are included in the description. There is no prescribed language for the optional disclosure. Depending on the facts and circumstances of the engagement, the length and wording of the disclosure may vary significantly. See the discussion of the optional disclosure in section 606. An example of the last paragraph with the optional disclosure is:

We are not independent with respect to XYZ Company as of and for the year ended December 31, 20XX, because the spouse of a partner in our firm is employed by XYZ Company.

8. The bottom of each page of the pro forma financial information should include a reference to the accountant's report.

APPENDIX 6A-29

Compilation—Corporation on the U.S. GAAP Basis, Departure from GAAP (Variable Interest Entity Assessment Not Performed) and Impact of Departure *Not Determined*

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X1, and the related statements of income, retained earnings, and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During my (our) compilation, I (we) did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

Accounting principles generally accepted in the United States of America require management to assess whether the Company has a controlling interest in any entities in which the Company has a variable interest in order to determine if those entities should be consolidated. Management has not performed the required assessment and therefore, if there are variable interest entities for which the Company is the primary beneficiary, has not consolidated those entities. Although the effects on the financial statements of the failure to perform the required assessment have not been determined, many elements in the financial statements would have been materially affected had management determined that the Company is the primary beneficiary of any variable interest entities.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64) and TIS 9150.29.
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The above example assumes that the Company did not perform an assessment to determine whether the Company has a controlling interest in any entities in which the Company has a variable interest in order to determine if those entities should be consolidated as required by the Variable Interest Entity (VIE) subsections of FASB ASC 810-10, sometimes referred to as GAAP for VIEs.
4. SSARS No. 19 (AR 80.28) says that if the accountant concludes that modification of the standard report is appropriate, the report should disclose the departure from accounting principles generally accepted in the

United States of America and the effects of the departure if they have been determined. If the effects of the departure have not been determined, the report should so state. That is the assumption underlying the illustrated report. If the effects of not consolidating have been determined, they may be disclosed in either the explanatory paragraph or a note to the financial statements. If the effects of not consolidating are disclosed in a note to the financial statements, the report should refer to the note.

5. If the accountant believes that modification of the standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, he or she should withdraw from the compilation engagement and provide no further services with respect to those financial statements. The accountant may wish to consult with legal counsel in these circumstances [SSARS No. 19 (AR 80.29)].
6. The following final paragraph is optional according to Interpretation No. 1 of AR 80. (AR 9080.01-.04) and may be used if the accountant wishes to emphasize the limitations of financial statements having GAAP departures based on the assessments discussed in section 623.

Because the significance and pervasiveness of the matters previously discussed makes it difficult to assess their impact on the financial statements as a whole, users of these financial statements should recognize that they might reach different conclusions about the Company's financial position, results of operations, and cash flows if they had access to revised financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

APPENDIX 6A-30

Compilation—Corporation on the U.S. GAAP Basis with Comprehensive Income

(INDEPENDENT) ACCOUNTANT’S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income, comprehensive income, retained earnings, and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant’s report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Normally, all reports are addressed to management, as many small entities do not have boards of directors and/or stockholders. Management may, or may not, include the owners of the entity.
4. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the company.
5. The report should be dated as of the completion of the accountant’s work [SSARS No. 19 (AR 80.17g)]. Section 604 discusses dating the accountant’s report.
6. The financial statements should have all notes necessary for a fair presentation under GAAP. If notes are omitted, see Appendix 6A-3.
7. Comprehensive income includes all changes in a company’s equity during a period except those resulting from investments by and distributions to owners. If a company has comprehensive income components, comprehensive income and its components are required to be presented when a company presents a full set of financial statements. FASB ASC 220 requires entities to present total comprehensive income, the components of net income, and the components of comprehensive income either in (a) a single continuous

statement of comprehensive income or (b) two separate but consecutive statements. See the discussion in section 507. This report illustrates separate statements of income and comprehensive income.

8. Each page of the financial statements and notes should be appropriately headed such as:

XYZ COMPANY
BALANCE SHEET
December 31, 20XX

XYZ COMPANY
STATEMENT OF RETAINED EARNINGS
Year Ended December 31, 20XX

XYZ COMPANY
STATEMENT OF CASH FLOWS
Year Ended December 31, 20XX

XYZ COMPANY
STATEMENT OF INCOME
Year Ended December 31, 20XX

XYZ COMPANY
STATEMENT OF COMPREHENSIVE INCOME
Year Ended December 31, 20XX

XYZ COMPANY
NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

9. Each financial statement should have a reference to the accountant's compilation report [SSARS No. 19 (AR 80.18)]. See discussion beginning in section 504.
10. Appendixes 7B-1 through 7B-15 present illustrative accountants' compilation reports for interim financial statements.

APPENDIX 6B-1

Review—Corporation on the U.S. GAAP Basis, Standard Report

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. Normally, all reports are addressed to management, as many small entities do not have boards of directors and/or stockholders. Management may, or may not, include the owners of the entity.
4. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the company.
5. The report should be dated no earlier than the date on which the accountant has accumulated sufficient review evidence [SSARS No. 19 (AR 90.28h)]. Section 604 discusses dating the accountant's report.
6. If the accountant is to issue an unmodified review report, the financial statements must be accompanied by all disclosures required by GAAP.

7. Each page of the financial statements and notes should be appropriately headed such as:

XYZ COMPANY
BALANCE SHEET
December 31, 20XX

XYZ COMPANY
STATEMENT OF INCOME
AND RETAINED EARNINGS
Year Ended December 31, 20XX

XYZ COMPANY
STATEMENT OF CASH FLOWS
Year Ended December 31, 20XX

XYZ COMPANY
NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

8. Each financial statement should have a reference to the accountant's review report [SSARS No. 19 (AR 90.29)]. See discussion in section 504.
9. A review report cannot be issued when the accountant is not independent [SSARS No. 19 (AR 90.02)].
10. This standard report is appropriate if a combined statement of income and retained earnings is presented. If a separate statement of retained earnings (or statement of changes in stockholders' equity) is presented, the first paragraph would be modified as follows:

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income, retained earnings (changes in stockholders' equity), and cash flows for the year then ended. 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.

APPENDIX 6B-2

Review—Corporation on the U.S. GAAP Basis, Statement of Cash Flows Omitted

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, with the exception of the matter described in the following paragraph, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

A statement of cash flows for the year ended December 31, 20XX, has not been presented. Accounting principles generally accepted in the United States of America require that such a statement be presented when financial statements purport to present financial position and results of operations.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant’s report should have a title and that title should include the word “Independent.”
3. Since review reports may be viewed by some users as a substitute for an audit, the authors recommend that accountants advise their clients to include a statement of cash flows, except in unusual instances.
4. A statement of cash flows is not required unless the financial statements purport to present *both* financial position and results of operations in accordance with GAAP (FASB ASC 230-10-15-3). Thus, the following presentations do not require a statement of cash flows:
 - a. Balance sheet presented alone.

- b. Income statement presented alone.
 - c. Statements prepared on other comprehensive bases of accounting. (See AU-C 800.A34.)
 - d. Personal financial statements.
5. See also the Notes to Appendix 6B-1.

APPENDIX 6B-3

Review—Corporation on the U.S. GAAP Basis, Measurement Departure from GAAP (Property Carried at Appraised Value) and Impact of Departure Is Determined

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, with the exception of the matter described in the following paragraph, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note B to the financial statements, accounting principles generally accepted in the United States of America require that land be stated at cost. Management has informed me (us) that the Company has stated its land at appraised value and that, if accounting principles generally accepted in the United States of America had been followed, the land account and stockholders' equity would have been decreased by \$500,000.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. If the accountant believes that modification of the standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, the accountant should withdraw from the review engagement and provide no further services with respect to the financial statements. The accountant may wish to consult legal counsel in these circumstances [SSARS No. 19 (AR 90.36)].
4. The accountant should also be aware of the optional paragraph that may be included when there are pervasive departures. See Note 4 to Appendix 6B-4.
5. See also the Notes to Appendix 6B-1.

APPENDIX 6B-4**Review—Corporation on the U.S. GAAP Basis, Measurement Departure from GAAP (Manufacturing Overhead Excluded from Inventory and Leases Not Capitalized) and Impact of Departure *Not Determined***

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, with the exception of the matters described in the following paragraph, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note B to the financial statements, accounting principles generally accepted in the United States of America require that inventory cost consist of material, labor, and overhead. Management has informed me (us) that the inventory cost of finished goods and work in process in the accompanying financial statements does not include overhead. Furthermore, as discussed in Note C, the Company has several leases for major equipment that, in accordance with accounting principles generally accepted in the United States of America, should be presented as capital leases. Management has informed me (us) that these leases have been presented as operating leases, rather than capital leases. The effects of these departures from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows have not been determined.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. If the accountant believes that modification of the standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, the accountant should withdraw from the review engagement and

provide no further services with respect to the financial statements. The accountant may wish to consult legal counsel in these circumstances [SSARS No. 19 (AR 90.36)].

4. The following paragraph is optional according to Interpretation No. 1 of AR 90 (AR 9090.01-.04) (see section 610 of this *Guide*).

Because the significance and pervasiveness of the matters previously discussed makes it difficult to assess their impact on the financial statements as a whole, users of these financial statements should recognize that they might reach different conclusions about the Company's financial position, results of operations, and cash flows if they had access to revised financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

5. See also the Notes to Appendix 6B-1.

APPENDIX 6B-5**Review—Corporation on the U.S. GAAP Basis, Balance Sheet Only**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX. 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 statement as a whole. Accordingly, I (we) do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statement. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying balance sheet in order for it to be in conformity with accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. The presentation of a balance sheet only also requires appropriate note disclosures. A review report cannot be issued if disclosures have been omitted.
4. The accountant could also report on other basic financial statements such as a statement of income. In that case, the report would be drafted similar to the illustration above. Appropriate disclosures would also be required. If the accountant is engaged to review only a statement of income, he should be aware that because the income statement amounts are directly affected by balance sheet accounts, many inquiry and analytical procedures must still be performed on the balance sheet.
5. The accountant may be engaged to review both a complete set of financial statements for the entity and a balance sheet for the same period. This occurs occasionally when the client requests a balance sheet to give to vendors for credit purposes. In such situations, there is a tendency to simply attach the notes associated with the complete financial statements. However, the authors believe that the notes to complete financial statements that do not pertain to the balance sheet should be omitted to provide a relevant presentation.
6. See the Notes to Appendix 6B-1.

Appendix 6B-5

APPENDIX 6B-6

Review—Corporation on the U.S. GAAP Basis, *Supplementary Information Covered by Review Procedures*

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My (Our) review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I (we) did not become aware of any material modifications that should be made to such information.

Firm's Signature

Report Date

Notes:

1. Authority—Paragraph 5.37 of the AICPA CAR Guide and AR 90.60.
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. Each supplementary schedule should be headed such as the following:

XYZ COMPANY
SCHEDULE I—ANALYSIS OF COST OF SALES
Year Ended December 31, 20XX

4. A reference to the accountant's review report should be made on each page of the financial statements and the supplementary schedules such as:

See independent accountant's review report.

5. The accountant may prefer to issue a separate report on the supplementary information in lieu of reporting on this information in a last paragraph to the report. The separate report should be placed on the page immediately preceding the supplementary information. The report should include a title such as "Independent Accountant's Review Report on Supplementary Information." An example report follows:

INDEPENDENT ACCOUNTANT'S REVIEW REPORT ON SUPPLEMENTARY INFORMATION

To Management
XYZ Company
City, State

My (Our) report on my (our) review of the basic financial statements of XYZ Company for 20XX appears on page XX. That review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I (we) did not become aware of any material modifications that should be made to such information.

Firm's Signature

February 15, 20XX
(same date as review report on basic financial statements)

When the accountant issues a separate report, the reference to the accountant's report on the supplementary schedules should be modified as follows:

See independent accountant's report on supplementary information.

6. See also the Notes to Appendix 6B-1.

APPENDIX 6B-7

Review—Corporation on the U.S. GAAP Basis, *Supplementary Information Compiled*

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My (Our) review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but has been compiled from information that is the representation of management. I (We) have not audited or reviewed the supplementary information, and accordingly, I (we) do not express an opinion or provide any form of assurance on it.

Firm’s Signature

Report Date

Notes:

1. Authority—Paragraph 5.37 of the AICPA CAR Guide and AR 90.60.
2. SSARS No. 19 (AR 90.28a) states that the accountant’s report should have a title and that title should include the word “Independent.”
3. See also the Notes to Appendixes 6B-1 and 6B-6.

APPENDIX 6B-8**Review—Corporation on the U.S. GAAP Basis, *Supplementary Information Not Compiled, Reviewed, or Audited***

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My (Our) review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information included in the accompanying Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. I (We) have not compiled, reviewed, or audited the supplementary information, and do not express an opinion or provide any form of assurance on it.

Firm's Signature

Report Date

Notes:

1. Authority—Paragraph 5.37 of the AICPA CAR Guide and AR 90.60.
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. See also the Notes to Appendixes 6B-1 and 6B-6.

APPENDIX 6B-9

Review—Corporation on the U.S. GAAP Basis, Disclosure Departure from GAAP (Failure to Disclose Related Party Transactions) and Impact of Departure *Is Determined*

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, with the exception of the matter described in the following paragraph, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The Company's financial statements do not disclose that, during 20XX, the Company purchased significant amounts of raw materials at discounted prices from ABC Company, which is owned by certain directors of XYZ Company. It is possible that the terms of such purchases are not the same as those that would result from transactions among unrelated parties. Those purchases accounted for 33% of raw materials purchased during 20XX. Disclosure of that information is required by accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. See also the Notes to Appendix 6B-1.

APPENDIX 6B-10**Review—Corporation on the U.S. GAAP Basis, Disclosure Departure from GAAP (Failure to Disclose Future Commitments under Long-term Operating Leases) and Impact of Departure *Not Determined***

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, with the exception of the matter described in the following paragraph, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As disclosed in note X to the financial statements, accounting principles generally accepted in the United States of America require that the amount of future minimum lease payments due over the next five years be disclosed. Management has informed me (us) that they believe it is impracticable to develop the information, and as such the effects of this departure from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows have not been determined.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. See also the Notes to Appendix 6B-1.

APPENDIX 6B-11

Review—Corporation on the U.S. GAAP Basis, Income Statement Accompanied by Expired Budget Information Not Covered by Review Procedures

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income, retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My (Our) review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary budgeted income statement information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but has been compiled from information that is the representation of management. I (We) have not audited or reviewed the supplementary information, and accordingly, I (we) do not express an opinion or provide any assurance on the budgeted income statement information.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73) and AR 90.60.
2. SSARS No. 19 (AR 90.28a) states that the accountant’s report should have a title and that title should include the word “Independent.”
3. This report is appropriate when expired budgeted information is presented alongside reviewed historical financial statements (for example, a columnar presentation of “actual vs. budget”) and the accountant has

only compiled the supplementary information. (The authors recommend that accountants' procedures generally be limited to a compilation since they normally will not subject budgeted information to the same inquiry and analytical procedures performed during their review.) If the historical statements are accompanied by unexpired budget information, such information is considered prospective in nature and the accountants must report on it separately. Chapter 14 discusses providing services and reporting on prospective information.

4. Each column of the presentation should be clearly marked (e.g., "Historical" and "Budgeted") so that the degree of the accountant's responsibility for each is clear.
5. The financial statements should be appropriately headed such as—

XYZ COMPANY
STATEMENTS OF INCOME—HISTORICAL (Reviewed) AND BUDGETED (Compiled)
December 31, 20XX

Disclosure in the column headings could be as follows:

	Historical (Reviewed)	Budgeted (Compiled)
Revenue	\$ X,XXX	\$ X,XXX

6. Although accountants usually may choose to issue a separate report on supplementary information, the authors do not recommend that alternative in this situation since the historical and supplemental information is presented side by side.
7. See also the Notes to Appendix 6B-1.

APPENDIX 6B-12

Review—Standard Report on U.S. GAAP Basis Consolidated Financial Statements of a Corporation

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying consolidated balance sheet of XYZ Company (a corporation) and subsidiaries as of December 31, 20XX, and the related consolidated statements of income and retained earnings and cash flows for the year then ended. 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 consolidated financial statements as a whole. Accordingly, I (we) do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant’s report should have a title and that title should include the word “Independent.”
3. The accountant’s report generally is addressed to the parent company only, rather than to the board of directors of subsidiaries, such as “XYZ Company and Subsidiaries.” Circumstances may make the latter address appropriate however.
4. The first paragraph identifies the financial statements covered by the accountant’s report, and the titles of the financial statements should be identical to the titles on the corresponding financial statements. Practice varies in this regard, and the financial statements presented may or may not be preceded by the word “consolidated.” Some accountants use the word “consolidated” when identifying the financial statements in the accountant’s report, regardless of whether that word is included in the corresponding financial statements, and other accountants do not. (The SSARS are silent on the form of report on consolidated financial statements.)

5. The accountant's report discloses the companies whose financial statements have been reviewed. Usually, the parent company is referred to by name; subsidiaries are not named individually but referred to collectively. If all subsidiaries are consolidated, typical references are "XYZ Company and subsidiaries," "XYZ Company and its subsidiaries," or "XYZ Company and subsidiary companies."
6. See also the Notes to Appendix 6B-1.

APPENDIX 6B-13

Review—Standard Report on U.S. GAAP Basis Combined Financial Statements of a Corporation

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management
XYZ Company and Affiliates
City, State

I (We) have reviewed the accompanying combined balance sheet of XYZ Company (a corporation) and affiliates as of December 31, 20XX, and the related combined statements of income and retained earnings and cash flows for the year then ended. 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 combined financial statements as a whole. Accordingly, I (we) do not express such an opinion.

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the combined financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the combined financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying combined financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant’s report should have a title and that title should include the word “Independent.”
3. The addressee of the report depends on the relationship of the companies whose financial statements are combined. For example:
 - “To Management of XYZ Company and Affiliates” or “. . . XYZ Company and Related Companies” may be used when companies are related through common ownership.
 - “To Management of X Company, Y Company, and Z Company” may be used if the companies are under common management, but not affiliated through common ownership.
 - The report may be addressed to an individual if he owns a controlling interest in companies that are related in their operations.

4. Some accountants only use the word “combined” in the accountant’s report if the financial statements are so titled. The form of financial statements that is presented and the corresponding reference in the accountant’s report will depend, in part, on the type of entities whose financial statements are combined and the detail that is necessary for adequate disclosure. However, the manner of reporting owners’ investments and retained earnings will vary. For example, if the combined financial statements include only corporate entities, it may be appropriate to combine the details of the common stock and retained earnings accounts. In those cases, statements of income and retained earnings would be presented. In other cases, owners’ investment may be presented as a single amount (for example, when the financial statements of a corporation and a partnership are combined). In those cases, a statement of owners’ investment (or stockholders’ investment) would be presented. In all cases, appropriate disclosure of the details of owners’ equity should be made in the notes to the financial statements.
5. The companies whose financial statements have been reviewed are identified as concisely as possible, and, in most cases, the reference coincides with the companies as they are referred to in the report address. However, the relationship of the companies presented and the reasons for presenting combined financial statements should be disclosed, typically, in a note to the financial statements. Some accountants, however, also describe the relationship in the first paragraph (e.g., by including a sentence identifying the specific companies that are included in the combined financial statements and indicating that they are under common ownership or management).
6. See also the Notes to Appendix 6B-1.

APPENDIX 6B-14**Review—Corporation on the U.S. GAAP Basis, Comprehensive Income Omitted**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
 XYZ Company
 City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, with the exception of the matter described in the following paragraph, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Comprehensive income for the year ended December 31, 20XX, has not been presented. Accounting principles generally accepted in the United States of America require that comprehensive income and its components be presented when financial statements purport to present financial position, results of operations, and cash flows.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. Since review reports may be viewed by some users as a substitute for an audit, the authors recommend that accountants advise their clients to include a statement of cash flows, except in unusual instances.
4. Comprehensive income is not required unless the financial statements purport to present financial position, results of operations, and cash flows in accordance with GAAP. Thus, the following presentations do not require comprehensive income:
 - a. Balance sheet presented alone.

- b. Income statement presented alone.
- c. Statement of cash flows presented alone.
- d. Balance sheet and statement of cash flow.
- e. Income statement and statement of cash flows.

However, if the omission of one or more financial statements is a departure from GAAP, omission of comprehensive income and its components is also a departure from GAAP.

- 5. See also the Notes to Appendix 6B-1.

APPENDIX 6B-15

Review—Corporation on the U.S. GAAP Basis, Departure from GAAP (Variable Interest Entity Assessment Not Performed) and Impact of Departure *Not Determined*

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X1, and the related statements of income, retained earnings, and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, with the exception of the matter described in the following paragraph, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require management to assess whether the Company has a controlling interest in any entities in which the Company has a variable interest in order to determine if those entities should be consolidated. Management has not performed the required assessment and therefore, if there are variable interest entities for which the Company is the primary beneficiary, has not consolidated those entities. Although the effects on the financial statements of the failure to perform the required assessment have not been determined, many elements in the financial statements would have been materially affected had management determined that the Company is the primary beneficiary of any variable interest entities.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73) and TIS 9150.29.
2. SSARS No. 19 (AR 90.28a) states that the accountant’s report should have a title and that title should include the word “Independent.”
3. The above example assumes that the Company did not perform the assessment to determine whether the Company has a controlling interest in any entities in which the Company has a variable interest in order to determine if those entities should be consolidated as required by the VIE subsections of FASB ASC 810-10, sometimes referred to as GAAP for VIEs. Even though XYZ Company is the primary beneficiary of DEF Joint

Venture, the financial results of DEF Joint Venture are not consolidated into the financial statements of XYZ Company, and it is therefore not likely that XYZ Company would include in its financial statements the disclosures about DEF Joint Venture required by GAAP for VIEs. However, the omission of those disclosures relates to the departure from accounting principles generally accepted in the United States of America that results from not presenting consolidated financial statements and is not a separate departure from GAAP.

4. SSARS No. 19 (AR 90.35) says that if the accountant concludes that modification of the standard report is appropriate, the report should disclose the departure from accounting principles generally accepted in the United States of America and the effects of the departure if they have been determined. If the effects of the departure have not been determined, the report should so state. That is the assumption underlying the illustrated report. If the effects of not consolidating have been determined, they may be disclosed in either the explanatory paragraph or a note to the financial statements. If the effects of not consolidating are disclosed in a note to the financial statements, the report should refer to the note.
5. If the accountant believes that modification of the standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, he or she should withdraw from the review engagement and provide no further services with respect to the financial statements. The accountant may wish to consult legal counsel in these circumstances [SSARS No. 19 (AR 90.36)].
6. The following paragraph is optional according to Interpretation No. 1 of AR 90 (AR 9090.01–.04) and may be used if the accountant wishes to emphasize the limitations of financial statements having GAAP departures based on the assessments discussed in section 623.

Because the significance and pervasiveness of the matters previously discussed makes it difficult to assess their impact on the financial statements as a whole, users of these financial statements should recognize that they might reach different conclusions about the Company's financial position, results of operations, and cash flows if they had access to revised financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

APPENDIX 6B-16

Review—Corporation on the U.S. GAAP Basis, Standard Report, Dual-dated

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

(except for Note [Number] , as to which the date is [Date])

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73). See section 618 for a discussion of dual-dating.
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. Typically, the note referred to in the Report Date discloses a subsequent event required to be disclosed in the financial statements, e.g., new debt incurred, business or property acquired, or loss of property due to fire. Illustrative subsequent event financial statement disclosures notes can be found in Appendix 5B.
4. See also the notes to Appendix 6B-1.

APPENDIX 6B-17**Review—Corporation on the U.S. GAAP Basis, with Comprehensive Income**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income, comprehensive income, retained earnings, and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. Normally, all reports are addressed to management, as many small entities do not have boards of directors and/or stockholders. Management may, or may not, include the owners of the entity.
4. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the company.
5. The report should be dated no earlier than the date on which the accountant has accumulated sufficient review evidence [SSARS No. 19 (AR 90.28h)]. Section 604 discusses dating the accountant's report.
6. If the accountant is to issue an unmodified review report, the financial statements must be accompanied by all disclosures required by GAAP.

7. Comprehensive income includes all changes in a company's equity during a period except those resulting from investments by and distributions to owners. If a company has comprehensive income components, comprehensive income and its components are required to be presented when a company presents a full set of financial statements. FASB ASC 220 requires entities to present total comprehensive income, the components of net income, and the components of comprehensive income either in (a) a single continuous statement of comprehensive income or (b) two separate but consecutive statements. See the discussion in section 507. This report illustrates separate statements of income and comprehensive income.

8. Each page of the financial statements and notes should be appropriately headed such as:

XYZ COMPANY
BALANCE SHEET
December 31, 20XX

XYZ COMPANY
STATEMENT OF INCOME
Year Ended December 31, 20XX

XYZ COMPANY
STATEMENT OF RETAINED EARNINGS
Year Ended December 31, 20XX

XYZ COMPANY
STATEMENT OF COMPREHENSIVE INCOME
Year Ended December 31, 20XX

XYZ COMPANY
STATEMENT OF CASH FLOWS
Year Ended December 31, 20XX

XYZ COMPANY
NOTES TO FINANCIAL STATEMENTS
December 31, 20XX

9. Each financial statement should have a reference to the accountant's review report [SSARS No. 19 (AR 90.29)]. See discussion in section 504.

10. A review report cannot be issued when the accountant is not independent [SSARS No. 19 (AR 90.02)].

APPENDIX 6C-1

Comparative Statements—Each Period Compiled by Continuing Accountant

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheets of XYZ Company (a corporation) as of December 31, 20X2 and 20X1, and the related statements of income and retained earnings and cash flows for the years then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.38).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The financial statements should be appropriately headed such as—

XYZ COMPANY
BALANCE SHEETS
December 31, 20X2 and 20X1

4. Each financial statement should have a reference to the accountant's compilation report on the bottom of each page. See Appendix 6A-1, Note 8.
5. The above report is drafted assuming that combined statements of income and retained earnings are presented. If the statements of retained earnings (or statements of changes in stockholders' equity) are presented separately, the first paragraph would read:

I (We) have compiled the accompanying balance sheets of XYZ Company (a corporation) as of December 31, 20X2 and 20X1, and the related statements of income, retained earnings (changes in stockholders' equity), and cash flows for the years then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or

provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

6. FASB ASC 205-10-45-1 recommends, but does not require, presentation of comparative financial statements. Also, notes to comparative statements that discuss both years shall be presented to the extent they are relevant.

APPENDIX 6C-2

Comparative Statements—Each Period Reviewed by Continuing Accountant

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheets of XYZ Company (a corporation) as of December 31, 20X2 and 20X1, and the related statements of income and retained earnings and cash flows for the years then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (our) responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) reviews, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.39).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. The financial statements should be appropriately headed such as:

XYZ COMPANY
BALANCE SHEETS
December 31, 20X2 and 20X1
4. Each financial statement should have a reference to the accountant's review report on the bottom of each page. See Appendix 6B-1, Note 8.
5. The above report is drafted assuming that combined statements of income and retained earnings are presented. If the statements of retained earnings (or statements of changes in stockholders' equity) are presented separately, the first paragraph would read—

I (We) have reviewed the accompanying balance sheets of XYZ Company (a corporation) as of December 31, 20X2 and 20X1, and the related statements of income, retained earnings (changes

in stockholders' equity), and cash flows for the years then ended. 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.

6. FASB ASC 205-10-45-1 recommends, but does not require, presentation of comparative financial statements. Also, notes to comparative statements that discuss both years shall be presented to the extent they are relevant.

APPENDIX 6C-3

Comparative Statements—Current Period Reviewed and Prior Period Compiled by Continuing Accountant

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the 20X2 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The accompanying 20X1 financial statements of XYZ Company were compiled by me (us). The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. Accordingly, I (we) do not express an opinion or provide any assurance about whether these financial statements are in accordance with accounting principles generally accepted in the United States of America.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.39).
2. SSARS No. 19 (AR 90.28a and AR 80.17a) states that the accountant’s report should have a title and the review report title should include the word “Independent.” See the discussion on titling the accountant’s report on comparative financial statements in section 618.
3. Since the current period is reviewed, which requires notes, the prior year’s compiled statements should also have notes, i.e., notes should address each year. If the prior year’s compiled statements did not have notes, the accountant should spend the additional time necessary to obtain the information needed [SSARS No. 2 (AR 200.05)].

4. For comparative presentations when the current year is reviewed and the prior year is compiled, the prior year's compiled statements should also have a statement of cash flows.
5. The financial statements should be headed such as the following when both compilation and review reports are presented:

XYZ COMPANY
BALANCE SHEETS
December 31, 20X2 (Reviewed) and 20X1 (Compiled)

6. Each financial statement should have a reference to the accountant's report at the bottom of each page. See Appendix 6B-1, Note 8.
7. See Note 5 to Appendix 6C-2.

APPENDIX 6C-4

Comparative Statements—Current Period Compiled and Prior Period Reviewed by Continuing Accountant, Alternative 1 (Referring to Prior Period Review Report)

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the 20X2 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The accompanying 20X1 financial statements of XYZ Company were previously reviewed by me (us), and I (we) stated that I was (we were) not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in my (our) report dated March 1, 20X2, but I (we) have not performed any procedures in connection with that review engagement since that date.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 [AR 200.11(a) and 200.38].
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title. See the discussion on other options for titling the accountant's report on comparative financial statements in section 618.
3. The financial statements should be appropriately headed such as—

XYZ COMPANY
BALANCE SHEETS
December 31, 20X2 (Compiled) and 20X1 (Reviewed)
4. Each page of the financial statement should have a reference to the accountant's report. See Appendix 6A-1, Note 8.
5. See Note 5 to Appendix 6C-1.

APPENDIX 6C-5**Comparative Statements—Current Period Compiled and Prior Period Reviewed by Continuing Accountant,
Alternative 2 (Reissuing Prior Year Report)**

INDEPENDENT ACCOUNTANT'S COMPILATION REPORT (20X2) AND REVIEW REPORT (20X1)

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the 20X2 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The accompanying 20X1 financial statements of XYZ Company were previously reviewed by me (us). 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should have been made to the accompanying 20X1 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. I (We) have not performed any review procedures since March 1, 20X2, the date of my (our) report on the accompanying 20X1 financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 [AR 200.11(b)]. The above report is used when the accountant “reissues” the prior year review report. Appendix 6C-4 referring to the prior period review report is more commonly used.
2. SSARS No. 19 (AR 90.28a and AR 80.17a) states that the accountant’s report should have a title and the review report title should include the word “Independent.” See the discussion on other options for titling the accountant’s report on comparative financial statements in section 618.
3. The financial statements should be appropriately headed such as—

XYZ COMPANY
BALANCE SHEETS
December 31, 20X2 (Compiled) and 20X1 (Reviewed)

4. Each financial statement should have a reference to the accountant’s report on each page. See Appendix 6A-1, Note 8.
5. See Note 5 to Appendix 6C-1.

APPENDIX 6C-6**Comparative Statements—Both Years Compiled; However, Prior Year by a Different Accountant
(Predecessor's Report Not Presented)****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America. The 20X1 financial statements of XYZ Company were compiled by other accountants, whose report dated February 1, 20X2, stated that they have not audited or reviewed the 20X1 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the 20X2 compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.17 and AR 200.38).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. See Notes to Appendix 6C-1.

APPENDIX 6C-7

Comparative Statements—Both Years Reviewed; However, Prior Year by a Different Accountant (Predecessor’s Report Not Presented)

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings, and cash flows for the year then ended. 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. The 20X1 financial statements of XYZ Company were reviewed by other accountants, whose report dated March 1, 20X2, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the 20X2 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.17 and AR 200.39).
2. See relevant Notes to Appendix 6C-2.

APPENDIX 6C-8**Comparative Statements—Current Year Reviewed and Prior Year Compiled by a Different Accountant
(Predecessor's Report Not Presented)**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the 20X2 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The 20X1 financial statements of XYZ Company were compiled by other accountants whose report dated February 1, 20X2, stated that they have not audited or reviewed the 20X1 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.17 and AR 200.39) and AICPA CAR Guide, Paragraph 5.39.
2. See relevant Notes to Appendix 6C-3.

APPENDIX 6C-9**Comparative Statements—Current Year Compiled and Prior Year Reviewed by a Different Accountant
(Predecessor’s Report Not Presented)****(INDEPENDENT) ACCOUNTANT’S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the 20X2 compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The 20X1 financial statements of XYZ Company were reviewed by other accountants whose report dated March 1, 20X2, stated that based on their procedures, they are not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.17 and AR 200.38–.39).
2. SSARS No. 19 (AR 80.17a) states that the accountant’s report should have a title. If the accountant is independent, then that fact may be indicated in the title. See the discussion on other options for titling the accountant’s report on comparative financial statements in section 618.
3. See applicable Notes to Appendix 6C-4.

APPENDIX 6C-10**Comparative Statements—Both Years Compiled by the Same Accountant; However, Changed Reference to a Departure from GAAP in Prior Year Report****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheets of XYZ Company (a corporation) as of December 31, 20X2 and 20X1, and the related statements of income and retained earnings and cash flows for the years then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

In my (our) report dated March 1, 20X2, with respect to the 20X1 financial statements, I (we) referred to a departure from accounting principles generally accepted in the United States of America because the Company carried its land at appraised values. As described in Note X, the Company has changed its method of accounting for land and restated its 20X1 financial statements to conform with accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.14 and AR 200.38).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. This report should only be used by a continuing accountant.
4. A changed reference to a departure from GAAP includes the removal of a prior reference or the inclusion of a new reference.
5. See applicable Notes to Appendix 6C-1.

APPENDIX 6C-11

Comparative Statements—Both Years Reviewed by the Same Accountant; However, Changed Reference to a Departure from GAAP in Prior Year Report

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheets of XYZ Company (a corporation) as of December 31, 20X2 and 20X1, and the related statements of income and retained earnings and cash flows for the years then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

In my (our) review report dated March 1, 20X2, with respect to the 20X1 financial statements, I (we) referred to a departure from accounting principles generally accepted in the United States of America because the Company carried its land at appraised values. As described in Note X, the Company has changed its method of accounting for land and restated its 20X1 financial statements to conform with accounting principles generally accepted in the United States of America. Accordingly, my (our) present statement on the 20X1 financial statements, as presented herein, that I am (we are) not aware of any material modifications that should be made to the accompanying financial statements is different from that expressed in our previous report.

Based on my (our) reviews, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.14 and AR 200.39).
2. SSARS No. 19 (AR 90.28a) states that the accountant’s report should have a title and that title should include the word “Independent.”
3. This report should only be used by a continuing accountant.
4. A changed reference to a departure from GAAP includes the removal of a prior reference or the inclusion of a new reference.
5. See applicable Notes to Appendix 6C-2.

APPENDIX 6C-12

Comparative Statements—Current Period Compiled, Prior Period Audited

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The financial statements for the year ended December 31, 20X1, were audited by me (us) (other accountants), and I (we) (they) expressed an unqualified opinion on them in my (our) (their) report dated March 1, 20X2, but I (we) (they) have not performed any auditing procedures since that date.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.29 and AR 200.38).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title. See the discussion on other opinions for titling the accountant's report on comparative financial statements in section 618.
3. Unaudited financial statements presented in comparative form with audited financial statements must be clearly marked to indicate their status. This may be done parenthetically either in the statement headings or column headings. Disclosure in the statement headings would be as follows:

XYZ COMPANY
BALANCE SHEETS
December 31, 20X2 (Unaudited) and 20X1 (Audited)

Disclosure in the column headings would be as follows:

	20X2 (Unaudited)	20X1 (Audited)	
Cash	\$ X,XXX	\$ XXX	

4. Each financial statement should have a reference to the accountant's report on the bottom of each page. See Appendix 6A-1, Note 8.
5. See Note 5 to Appendix 6C-1.

APPENDIX 6C-13**Comparative Statements—Current Period Reviewed, Prior Period Audited**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying 20X2 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The financial statements for the year ended December 31, 20X1, were audited by me (us) (other auditors), and I (we) (they) expressed an unqualified opinion on them in my (our) (their) report dated March 1, 20X2, but I (we) (they) have not performed any auditing procedures since that date.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.29) and AR 200.39.
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent." See the discussion on other opinions for titling the accountant's report on comparative financial statements in section 618.
3. Unaudited financial statements presented in comparative form with audited financial statements must be clearly marked to indicate their status. This may be done parenthetically either in the statement headings or column headings. Disclosure in the statement headings would be as follows:

XYZ COMPANY
BALANCE SHEETS
December 31, 20X2 (Unaudited) and 20X1 (Audited)

Disclosure in the column headings would be as follows:

	<u>20X2</u> <u>(Unaudited)</u>	<u>20X1</u> <u>(Audited)</u>
Cash	\$ X,XXX	\$ XXX

4. Each financial statement should have a reference to the accountant's report on each page. See Appendix 6B-1, Note 8.
5. See Note 5 to Appendix 6C-2.

APPENDIX 6C-14**Comparative Statements—Compilation Report on Prior Year’s Financial Statements That Previously Did Not Omit Substantially All Disclosures****(INDEPENDENT) ACCOUNTANT’S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheets of XYZ Company (a corporation) as of December 31, 20X2 and 20X1, and the related statements of income and retained earnings and cash flows for the years then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user’s conclusions about the Company’s financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The 20X1 financial statements were compiled by me (us) from financial statements that did not omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America and that I (we) previously compiled (reviewed) (audited) as indicated in my (our) report dated March 1, 20X2.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.30–.31 and AR 200.38) and Interpretation No. 1 of SSARS No. 2 (AR 9200.01–.04), “Reporting on Financial Statements that Previously Did Not Omit Substantially All Disclosures.”
2. SSARS No. 19 (AR 80.17a) states that the accountant’s report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. See Notes 2–6 to Appendix 6A-3 and Note 6 to Appendix 6C-1.

APPENDIX 6C-15

Comparative Statements—Both Years Compiled; However, Prior Year by a Different Accountant Who Has Ceased Operations

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America. The 20X1 financial statements of XYZ Company were compiled by other accountants who have ceased operations and whose report dated February 1, 20X2, stated that they have not audited or reviewed the 20X1 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the 20X2 compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.17 and AR 200.38).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. This report is appropriate when the prior-period financial statements have not been restated. If they have been restated, the guidance in AR 200.25 applies and the successor may choose to report as shown in Appendix 6C-24.
4. See applicable Notes to Appendix 6C-1.
5. If the current year's financial statements have been compiled and the prior-period's statements have been reviewed by a different accountant who has ceased operations, the last sentence of the first paragraph in this report example should be deleted and the following paragraph should be included as the final paragraph of this report:

The accompanying 20X1 financial statements of XYZ Company were reviewed by other accountants who have ceased operations and whose report dated March 1, 20X2, stated that they were not aware of any material modifications that should be made to the statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

APPENDIX 6C-16**Comparative Statements—Both Years Reviewed; However, Prior Year by a Different Accountant Who Has Ceased Operations****INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. 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. The 20X1 financial statements of XYZ Company were reviewed by other accountants who have ceased operations and whose report dated March 1, 20X2, stated that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the 20X2 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.17 and AR 200.39).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. This report is appropriate when the prior-period financial statements have not been restated. If they have been restated, the guidance in AR 200.25 applies and the successor may choose to report as shown in Appendix 6C-25.
4. See applicable Notes to Appendix 6C-2.
5. If the current year's financial statements have been reviewed and the prior-period's statements have been compiled by a different accountant who has ceased operations, the last sentence of the first paragraph in this

report example would be deleted and the following paragraph would be included as the final paragraph of this report:

The 20X1 financial statements of XYZ Company were compiled by other accountants who have ceased operations and whose report dated February 1, 20X2, stated that they have not audited or reviewed the 20X1 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

APPENDIX 6C-17**Comparative Statements—Current Year Compiled and Prior Year Audited by a Different Accountant Who Has Ceased Operations****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the 20X2 compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The 20X1 financial statements of XYZ Company were audited by other accountants who have ceased operations, and they expressed an unmodified opinion on them in their report dated March 1, 20X2, but they have not performed any auditing procedures since that date.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.38).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. This report is appropriate when the prior-period financial statements have not been restated. If they have been restated, the guidance in TIS 8900.06 applies.
4. See the applicable Notes to Appendix 6C-12.

APPENDIX 6C-18

Comparative Statements—Current Year Reviewed and Prior Year Audited by a Different Accountant Who Has Ceased Operations

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the 20X2 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

The 20X1 financial statements of XYZ Company were audited by other accountants who have ceased operations, and they expressed an unmodified opinion on them in their report dated March 1, 20X2, but they have not performed any auditing procedures since that date.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.39).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. This report is appropriate when the prior-period financial statements have not been restated. If they have been restated, the guidance in TIS 8900.06 applies.
4. See applicable Notes to Appendix 6C-13.

APPENDIX 6C-19**Comparative Statements—Current Period Compiled, Prior Period Audited, Supplementary Information Presented Both Years****(INDEPENDENT) ACCOUNTANT'S REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The 20X2 supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. I (We) have not audited or reviewed the supplementary information for the year ended December 31, 20X2 and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

The 20X1 financial statements were audited by me (us) (other accountants), and I (we) (they) expressed an unmodified opinion on them in my (our) (their) report dated March 1, 20X2. In addition, the supplementary information for the year ended December 31, 20X1, contained in Schedules I and II, was subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. My (Our) (Their) report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole. I (We) (They) have not performed any auditing procedures on either the financial statements or on the supplementary information since March 1, 20X2.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.29 and AR 200.38) and AU-C 725.
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.

3. This report assumes that the supplementary information presented with the prior period’s financial statements was subjected to the auditing procedures applied to the basic financial statements. If that is not the case, the last paragraph of the report would be changed as follows:

The financial statements for the year ended December 31, 20X1, were audited by me (us) (other accountants), and I (we) (they) expressed an unmodified opinion on them in my (our) (their) report dated March 1, 20X2. In addition, the supplementary information for the year ended December 31, 20X1, contained in Schedules I and II, was not subjected to the auditing procedures applied in the audit of the basic financial statements, and my (our) (their) report stated that I (we) (they) expressed no opinion on it. I (we) (they) have not performed any auditing procedures on either the financial statements or on the supplementary information since March 1, 20X2.

4. Unaudited financial statements presented in comparative form with audited financial statements must be clearly marked to indicate their status. That may be done parenthetically either in the statement headings or in the column headings. Disclosure in the statement headings would be as follows:

XYZ COMPANY
 BALANCE SHEETS
 December 31, 20X2 (Unaudited) and 20X1 (Audited)

Disclosure in the column headings would be as follows:

	20X2 <u>(Unaudited)</u>	20X1 <u>(Audited)</u>
Cash	\$ X,XXX	\$ X,XXX

5. Each financial statement should have a reference to the accountant’s report on each page. See Appendix 6A-1, Note 8.
6. See also the Notes to Appendix 6A-1.

APPENDIX 6C-20**Comparative Statements—Current Period Reviewed, Prior Period Audited, Supplementary Information Presented Both Years****INDEPENDENT ACCOUNTANT'S REPORT**

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My (Our) review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The supplementary information for the year ended December 31, 20X2 included in the accompanying Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I (we) did not become aware of any material modifications that should be made to such information.

The financial statements for the year ended December 31, 20X1, were audited by me (us) (other accountants), and I (we) (they) expressed an unmodified opinion on them in my (our) (their) report dated March 1, 20X2. In addition, the supplementary information for the year ended December 31, 20X1, contained in Schedules I and II, was subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. My (Our) (Their) report stated that the information was fairly stated in all material respects in relation to the financial statements as a whole. I (We) (They) have not performed any auditing procedures on either the financial statements or on the supplementary information since March 1, 20X2.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.29 and AR 200.39) and AU-C 725.
2. SSARS No. 19 (AR 90.28a) states that the accountant’s report should have a title and that title should include the word “Independent.”
3. This report assumes that the supplementary information presented with the prior period’s financial statements was subjected to the auditing procedures applied to the basic financial statements. If that is not the case, the last paragraph of the report would be changed as follows:

The financial statements for the year ended December 31, 20X1, were audited by me (us) (other accountants), and I (we) (they) expressed an unmodified opinion on them in my (our) (their) report dated March 1, 20X2. In addition, the supplementary information for the year ended December 31, 20X1, contained in Schedules I and II, was not subjected to the auditing procedures applied in the audit of the basic financial statements, and my (our) (their) report stated that I (we) (they) expressed no opinion on it. I (we) (they) have not performed any auditing procedures on either the financial statements or on the supplementary information since March 1, 20X2.

4. Unaudited financial statements presented in comparative form with audited financial statements must be clearly marked to indicate their status. That may be done parenthetically either in the statement headings or column headings. Disclosure in the statement headings would be as follows:

XYZ COMPANY
BALANCE SHEETS
December 31, 20X2 (Unaudited) and 20X1 (Audited)

Disclosure in the column headings would be as follows:

	20X2 (Unaudited)	20X1 (Audited)
Cash	\$ X,XXX	\$ X,XXX

5. Each financial statement should have a reference to the accountant’s report on each page. See Appendix 6B-1, Note 8.
6. See also the Notes to Appendix 6B-1.

APPENDIX 6C-21**Comparative Statements—Corporation on the U.S. GAAP Basis, Balance Sheet Only, Each Period
Compiled by Continuing Accountant****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheets of XYZ Company (a corporation) as of December 31, 20X2 and 20X1. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.38).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The presentation of a balance sheet only also requires appropriate note disclosures.
4. The accountant may be engaged to compile both a complete set of comparative financial statements for the entity and comparative balance sheets for the same periods. This occurs occasionally when the client requests balance sheets to give to vendors for credit purposes. In these circumstances, the tendency is to simply attach the notes associated with the complete financial statements. However, the authors believe that the notes to a complete set of financial statements that do not pertain to the balance sheet should be omitted to provide a relevant presentation.
5. If the entity sustained large losses in the periods ended with the dates of the comparative balance sheets, many firms believe that the losses should be disclosed in a note or in the retained earnings section of the balance sheets.
6. See also relevant Notes to Appendix 6C-1.

APPENDIX 6C-22

Comparative Statements—Compiled Current Year Balance Sheet and Comparative Statements of Income and Retained Earnings and Cash Flows

(INDEPENDENT) ACCOUNTANT’S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the years ended December 31, 20X2 and 20X1. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.38).
2. SSARS No. 19 (AR 80.17a) states that the accountant’s report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The financial statements should be appropriately headed such as—

XYZ COMPANY
BALANCE SHEET
December 31, 20X2

XYZ COMPANY
STATEMENTS OF INCOME AND RETAINED EARNINGS
Years Ended December 31, 20X2 and 20X1

4. Each financial statement should have a reference to the accountant’s compilation report on each page. See Appendix 6A-1, Note 8.
5. The above report is drafted assuming that combined statements of income and retained earnings are presented. If the statements of retained earnings (or statements of changes in stockholders’ equity) are presented separately, the first paragraph would read—

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income, retained earnings (changes in stockholders’ equity), and cash flows for the years ended December 31, 20X2 and 20X1. I (We) have not

audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

6. FASB ASC 205-10-45-1 recommends, but does not require, presentation of comparative financial statements. Also, notes to comparative statements that discuss both years shall be presented to the extent they are relevant.

APPENDIX 6C-23**Comparative Statements—Reviewed Current Year Balance Sheet and Comparative Statements of Income and Retained Earnings and Cash Flows**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income and retained earnings and cash flows for the years ended December 31, 20X2 and 20X1. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) reviews, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.39).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. The financial statements should be appropriately headed such as—

XYZ COMPANY
BALANCE SHEET
December 31, 20X2

XYZ COMPANY
STATEMENTS OF INCOME AND RETAINED EARNINGS
Years Ended December 31, 20X2 and 20X1

4. Each financial statement should have a reference to the accountant's review report on each page. See Appendix 6B-1, Note 8.

5. The above report is drafted assuming that combined statements of income and retained earnings are presented. If the statements of retained earnings (or statements of changes in stockholders' equity) are presented separately, the first paragraph would read—

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income, retained earnings (changes in stockholders' equity), and cash flows for the years ended December 31, 20X2 and 20X1. A review includes primarily applying analytical procedures to management's (the owners') financial data and making inquiries of Company management (the owners). 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.

6. FASB ASC 205-10-45-1 recommends, but does not require, presentation of comparative financial statements. Also, notes to comparative statements that discuss both years shall be presented to the extent they are relevant.

APPENDIX 6C-24

Comparative Statements—Both Years Compiled; However, Prior Year Financial Statements Have Been Restated

(INDEPENDENT) ACCOUNTANT’S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income, retained earnings, and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America. The financial statements prior to adjustment of XYZ Company as of and for the year ended December 31, 20X1, were compiled by other accountants whose report dated March 15, 20X2, stated that they have not audited or reviewed the 20X1 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

I (We) also compiled the adjustments described in Note X that were applied to restate the 20X1 financial statements. I (we) have not audited or reviewed the adjustments described in Note X that were applied to restate the 20X1 financial statements and, accordingly, do not express an opinion or provide any assurance about whether the adjustments described in Note X that were applied to restate the 20X1 financial statements are in accordance with accounting principles generally accepted in the United States of America.

Firm’s Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.25 and AR 200.38).
2. SSARS No. 19 (AR 80.17a) states that the accountant’s report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Normally, all reports should be addressed to the board of directors and/or stockholders if the entity is a corporation.
4. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the company.
5. The report should be dated as of the completion of the accountant’s work. (See section 604.)
6. See applicable Notes to Appendix 6C-1.

APPENDIX 6C-25**Comparative Statements—Both Years Reviewed; However, Prior Year Financial Statements Have Been Restated**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X2, and the related statements of income, retained earnings, and cash flows for the year then ended. 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. The financial statements of XYZ Company as of December 31, 20X1, prior to adjustment were reviewed by other accountants whose report dated March 15, 20X2, stated that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the 20X2 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

I (We) have also reviewed the adjustments described in Note X that were applied to restate the 20X1 financial statements. Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the adjustments described in note X that were applied to restate the 20X1 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.25 and AR 200.39).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. Normally, all reports should be addressed to the board of directors and/or stockholders if the entity is a corporation.

4. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the company.
5. The report should be dated as of the completion of the accountant's work. (See section 604.)
6. See applicable Notes to Appendix 6C-2.

APPENDIX 6D-1

Review—Major Uncertainty, Ability to Continue as a Going Concern in Question

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income, retained earnings, and cash flows for the year then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note X, certain conditions indicate that the Company may be unable to continue as a going concern. The accompanying financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern.

Firm’s Signature

Report Date

Notes:

1. Authority—Interpretation No. 7 of AR 90 (AR 9090.23–.28) and SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant’s report should have a title and that title should include the word “Independent.”

APPENDIX 6D-2**Review—Reporting When Part of the Consolidated Statements Are Reviewed or Audited
by Another Accountant**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying consolidated balance sheet of XYZ Company (a corporation) and subsidiaries as of December 31, 20XX, and the related consolidated statements of income, retained earnings, and cash flows for the year then ended. I (We) did not review the financial statements of B Company, a consolidated subsidiary, whose statements reflect total assets and revenues constituting 8% and 11%, respectively, of the related consolidated totals. These statements were reviewed (audited) by other accountants (auditors) whose report thereon has been furnished to me (us), and the results of my (our) review expressed herein, insofar as it relates to the amounts included for B Company, is based solely upon the report of the other accountants (auditors). 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 consolidated financial statements as a whole. Accordingly, I (we) do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review and the report of the other accountants (auditors) discussed above, I am (we are) not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73) and AR 90.19, footnote 5. Before accepting any engagements where the report of another accountant will be used, the accountant should read AU-C 600.
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. Divided responsibility reports are not appropriate for compilations. (See sections 410 and 623 of this *Guide*.)

APPENDIX 6D-3**Departure from GAAP—Change in Accounting Principle without Reasonable Justification**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. 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 consolidated financial statements as a whole. Accordingly, I (we) do not express such an opinion.

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the consolidated financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, with the exception of the matter described in the following paragraph, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note X to the financial statements, the Company has adopted (description of newly adopted method), whereas it previously used (description of previous method). Although the (description of newly adopted method) is in conformity with accounting principles generally accepted in the United States of America, the Company does not appear to have reasonable justification for making a change as required by FASB ASC 250, *Accounting Changes and Error Corrections*.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. See also the Notes to Appendix 6B-1.

APPENDIX 6D-4**Compilation—Reporting on the First Year of Operations (Which May Be for 12 Months or a Shorter Period)****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of income, changes in stockholders' equity, and cash flows for the period from inception (May 8, 20XX) to December 31, 20XX. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The first paragraph indicates that the statements of income, changes in stockholders' equity, and cash flows are for the initial period, i.e., "for the period from inception (May 8, 20XX) to December 31, 20XX."
4. The financial statements would normally include a statement of stockholders' equity rather than a statement of retained earnings because in the initial period there would be changes in components of stockholders' equity other than retained earnings.

APPENDIX 6D-5**Compilation—Current Year Presented on the Liquidation Basis; Prior Year Presented on the Going Concern Basis****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
 XYZ Company
 City, State

I (We) have compiled the accompanying balance sheet of XYZ Company as of December 31, 20X1, and the related statements of income and retained earnings and cash flows for the year then ended and for the period from January 1, 20X2, to April 25, 20X2. I (We) also have compiled the accompanying statement of net assets in liquidation as of December 31, 20X2, and the related statement of changes in net assets in liquidation for the period from April 26, 20X2, to December 31, 20X2. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64). See the discussion in section 623.
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The liquidation basis of accounting is GAAP for entities in liquidation or for which liquidation appears imminent. Generally, the financial statements will include a note that describes how the liquidation basis differs from GAAP for a going concern.
4. If compiled financial statements omit substantially all disclosures, the accountant may choose to add a sentence after the description of the financial statements being compiled in the first paragraph of the report that might be worded as follows:

The financial statements for periods after April 26, 20X2 are prepared on the liquidation basis of accounting, in which assets are carried at estimated realizable values and liabilities are presented at the amount of cash expected to be paid.

5. When liquidation basis financial statements are audited, Interpretation No. 1 of AU-C 700 requires auditors to include in their report an emphasis-of-matter paragraph stating that the entity has changed the basis of

accounting from the going concern to the liquidation basis. SSARS do not require such paragraphs in compilation and review reports, although they are permitted if the accountant wishes to highlight the matter. (That guidance assumes that the financial statements include adequate disclosure of the change in basis. Inadequate disclosure of the basis change in the financial statements would constitute a departure from GAAP and cause accountants to modify their reports accordingly.)

6. If accountants choose to add an explanatory paragraph to their reports to highlight the change in basis, language such as the following might be used:

As discussed in Note X, the stockholders of XYZ Company approved a plan of liquidation on April 26, 20X2, and the Company commenced liquidation shortly thereafter. As a result, the Company has changed its basis for accounting for periods after April 26, 20X2, from the going concern basis to a liquidation basis.

APPENDIX 6D-6**Compilation—Development Stage Company****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
 XYZ Company
 City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a development stage company) as of December 31, 20XX, and the related statements of operations, stockholders' equity, and cash flows for the year then ended and for the period from July 21, 20XX (inception) to December 31, 20XX. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64). See the discussion in sections 513 and 623.
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Once ASU 2014-10 is adopted, a compilation report for an entity that has not yet begun planned principal operations would be no different than that for an entity that had been in operation. See the discussion of ASU 2014-10 beginning at paragraph 623.60.

APPENDIX 6D-7**Compilation—Special-purpose Financial Presentation That Is Not in Conformity with GAAP or OCBOA****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the special-purpose statement of assets and liabilities of XYZ Company as of December 31, 20XX, and the related special-purpose statements of revenues and expenses and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying special-purpose financial statements and, accordingly, do not express an opinion or provide any assurance about whether the special-purpose financial statements are in accordance with the acquisition agreement between ABC Company and XYZ Company described in Note A.

Management is responsible for the preparation and fair presentation of the special-purpose financial statements in accordance with the acquisition agreement between ABC Company and XYZ Company described in Note A and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the special-purpose financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of special-purpose financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the special-purpose financial statements.

The accompanying special-purpose financial statements were prepared for the purpose of complying with the acquisition agreement between ABC Company and XYZ Company described in Note A, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the managements of XYZ Company and ABC Company and is not intended to be and should not be used by anyone other than these specified parties.

Firm's Signature

Report Date

Notes:

1. Authority—Interpretation No. 11 of AR 80 (AR 9080.32–.40) and SSARS No. 19, Compilation Exhibit B (AR 80.64). The report should indicate that the special-purpose financial statements are not intended to be a presentation in conformity with GAAP. The disclosure of the basis of accounting is usually made in the notes and might read as follows:

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Accounting**

The Company has prepared the accompanying special-purpose financial statements to present the net assets, liabilities, revenues, expenses, and cash flows of XYZ Company pursuant to the acquisition agreement dated January 1, 20XX, between XYZ Company and ABC Company. The acquisition agreement specifies that XYZ Company prepare special-purpose financial statements

in which all assets are presented in accordance with accounting principles generally accepted in the United States of America except for land and buildings, which are presented at their appraised values.

2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. If the accountant becomes aware that the presentation contains a material departure from the basis described, he should consider whether modification of his report is adequate to disclose such departure. In those circumstances, the accountant should consider the guidance in AR 80.27.
4. In many instances, the accountant's client may not be the person responsible for the financial information presented. The authors believe the report should generally be addressed to the party responsible for the financial information.
5. The terms *balance sheet*, *income statement*, etc. should not be used to avoid any implication that the special-purpose financial statements on which the accountant is reporting are intended to present financial position, results of operations, or cash flows.

APPENDIX 6D-8**Review—Special-purpose Financial Presentation That Is Not in Conformity with GAAP or OCBOA**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying special-purpose statement of assets and liabilities of XYZ Company as of December 31, 20XX and the related special-purpose statements of revenues and expenses and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's (the owners') 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 is responsible for the preparation and fair presentation of the financial statements in accordance with Section 4 of the loan agreement between DEF Bank and XYZ Company as discussed in Note A and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

The accompanying special-purpose financial statements were prepared for the purpose of complying with Section 4 of the loan agreement between DEF Bank and XYZ Company as discussed in Note A, and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying special-purpose financial statements in order for them to be in conformity with the basis of accounting described in Note A.

This report is intended solely for the information and use of the managements of XYZ Company and DEF Bank and is not intended to be and should not be used by anyone other than these specified parties.

Firm's Signature

Report Date

Notes:

1. Authority—Interpretation No. 6 of AR 90 (AR 9090.19–.22) and SSARS No. 19, Review Exhibit D (AR 90.73).

The report should indicate that the special-purpose financial statements are not intended to be a presentation in conformity with GAAP. The disclosure of the basis of accounting is usually made in the notes and might read as follows:

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company has prepared the accompanying special-purpose financial statements to present the assets, liabilities, revenues, expenses, and cash flows of XYZ Company pursuant to the loan agreement dated January 1, 20XX between XYZ Company and DEF Bank. The loan agreement specifies that XYZ Company prepare special-purpose financial statements in which all assets are presented in accordance with accounting principles generally accepted in the United States of America except for land and buildings, which are presented at their appraised values.

2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. The standard review report includes a statement that the accountant is not aware of any material modifications that should be made to the financial statements in order for them to be "in conformity with accounting principles generally accepted in the United States of America." However, when the accountant is engaged to report on a special-purpose financial presentation pursuant to a contractual agreement that results in a presentation that does not conform with GAAP or OCBOA, the accountant should modify the standard report, as noted in paragraphs two and four above, to refer to conformity with the basis of accounting prescribed by the contractual agreement. If the accountant becomes aware that the presentation contains a material departure from the basis described, he should consider whether modification of his report is adequate to disclose such departure. In those circumstances, the accountant should consider the guidance in SSARS No. 19 (AR 90.34).
4. In many instances, the accountant's client may not be the person responsible for the financial information presented. The authors believe the report should generally be addressed to the party responsible for the financial information.
5. The terms *balance sheet*, *income statement*, etc. should not be used to avoid any implication that the special-purpose financial statements on which the accountant is reporting are intended to present financial position, results of operations, or cash flows.

APPENDIX 6D-9**Compilation—Comparative Statements with Prior Period Reporting on the First Year of Operations (Which May Be for 12 Months or a Shorter Period)****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheets of XYZ Company (a corporation) as of December 31, 20X2 and 20X1, and the related statements of income, changes in stockholders' equity, and cash flows for the year ended December 31, 20X2 and the period from inception (May 8, 20X1) to December 31, 20X1. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 2 (AR 200.38).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. See the applicable Notes to Appendix 6C-1 and Appendix 6D-4.

APPENDIX 6D-10

Review—Supplementary Information Presented for Periods Prior to Those of the Financial Statements

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying balance sheet of XYZ Company (a corporation) as of December 31, 20X5 and 20X4, and the related statements of income, retained earnings, and cash flows for the years then ended. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

My (Our) review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The [Identify information related to the 20X5 and 20X4 financial statements.] is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I (We) did not become aware of any material modifications that should be made to such information.

We also have previously reviewed the balance sheet of XYZ Company as of December 31, 20X3, 20X2, and 20X1, and the related statements of income, retained earnings, and cash flows for each of the three years in the period ended December 31, 20X3 (none of which is presented herein). I (We) were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. Nor were we aware of any material modifications that needed to be made to [Identify information related to 20X3, 20X2, and 20X1 financial statements.] which were derived from these basic financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73) and AR 90.60.

2. A reference to the accountant's review report should be made on each page of the financial statements and the supplementary schedules such as—

See independent accountant's review report.

3. See applicable Notes to Appendix 6B-1.
4. This report assumes that the supplementary information presented is selected or extracted trend data.

APPENDIX 6D-11

Compilation—Special-purpose Financial Presentation That Is an Incomplete Presentation but Is Otherwise in Conformity with GAAP or OCBOA

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management
XYZ Company
City, State

I (We) have compiled the accompanying statement of net assets sold of XYZ Company as of December 31, 20XX. I (We) have not audited or reviewed the accompanying statement of net assets sold and, accordingly, do not express an opinion or provide any assurance about whether the statement of net assets sold is in accordance with the purchase agreement described in Note A.

Management is responsible for the preparation and fair presentation of the statement of net assets sold in accordance with the purchase agreement described in Note A and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the statement of net assets sold.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

The accompanying statement was prepared for the purpose of presenting the net assets of XYZ Company sold to ABC Company pursuant to the purchase agreement described in Note A, and is not intended to be a complete presentation of XYZ Company's assets and liabilities.

This report is intended solely for the information and use of the managements of XYZ Company and ABC Company and is not intended to and should not be used by anyone other than these specified parties.

Firm's Signature

Report Date

Notes:

1. Authority—Interpretation No. 11 of AR 80 (AR 9080.34–.36).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The report should indicate that the statements are not intended to be a complete presentation of the entity's assets, liabilities, revenues, and expenses. The disclosure of the basis of presentations is usually made in the notes, and might read as follows:

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company has prepared the accompanying statement to present the net assets of XYZ Company sold to ABC Company pursuant to the purchase agreement dated January 1, 20XX between

XYZ Company and ABC Company. The purchase agreement specifies that XYZ Company prepare a statement that includes those gross assets to be sold and liabilities to be transferred in conformity with accounting principles generally accepted in the United States of America.

4. In many instances, the accountant's client may not be the person responsible for the financial information presented. The authors believe the report should generally be addressed to the party responsible for the financial information.
5. The terms *balance sheet*, *income statement*, etc., should not be used to avoid any implication that the special-purpose financial statements on which the accountant is reporting are intended to present financial position, results of operations, or cash flows.

APPENDIX 6D-12

Review—Special-purpose Financial Presentation That Is an Incomplete Presentation but Is Otherwise in Conformity with GAAP or OCBOA

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management
XYZ Company
City, State

I (We) have reviewed the accompanying statement of gross income and direct operating expenses of XYZ Company as of December 31, 20XX. 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 statement of gross income and direct operating expenses as a whole. Accordingly, I (we) do not express such an opinion.

Management is responsible for the preparation and fair presentation of the statement of gross income and direct operating expenses in accordance with the regulatory provision described in Note A and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the statement of gross income and direct operating expenses.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the statement of gross income and direct operating expenses. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

The accompanying statement was prepared for the purpose of presenting the gross income and direct operating expenses of XYZ Company pursuant to the regulatory provision described in Note A, and is not intended to be a complete presentation of XYZ Company’s gross income and expenses.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying statement of gross income and direct operating expenses in order for it to be in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the managements of XYZ Company and [Specify legislative or regulatory agency.] and is not intended to and should not be used by anyone other than these specified parties.

Firm’s Signature

Report Date

Notes:

1. Authority—Interpretation No. 6 of AR 90 (AR 9090.16–.18).
2. SSARS No. 19 (AR 90.28a) states that the accountant’s report should have a title and that title should include the word “Independent.”

3. The report should indicate that the statements are not intended to be a complete presentation of the entity's assets, liabilities, revenues, and expenses. The disclosure of the basis of presentations is usually made in the notes, and might read as follows:

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Company has prepared the accompanying statement to present the gross assets and direct operating expenses of XYZ Company pursuant to Section 4 of [Specify legislative or regulatory agency.]. The regulatory provision specifies that XYZ Company prepare a statement that includes its gross income and direct operating expenses in conformity with accounting principles generally accepted in the United States of America.

4. In many instances, the accountant's client may not be the person responsible for the financial information presented. The authors believe the report should generally be addressed to the party responsible for the financial information.

APPENDIX 6D-13**Compilation—Major Uncertainty, Legal Action****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management
XYZ Company
City, State

I (We) have compiled the accompanying balance sheet of XYZ Company (a corporation) as of September 30, 20XX, and the related statements of income and retained earnings and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

As discussed in Note X, the Company is currently named in a legal action. The Company has determined that it is not possible to predict the eventual outcome of the legal action but has determined that the resolution of the action will not result in an adverse judgment that would materially affect the financial statements. Accordingly, the accompanying financial statements do not include any adjustments related to the legal action under Financial Accounting Standards Board (FASB) ASC 450, *Contingencies*.

Firm's Signature

Report Date

Notes:

1. Authority—Interpretation No. 12 of AR 80 (AR 9080.41–.48).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.

APPENDIX 6E-1

Standard Nonprofit Organization Compilation Report

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To the Board of Trustees of
ABC Organization

I (We) have compiled the accompanying statement of financial position of ABC Organization (a nonprofit organization) as of June 30, 20XX, and the related statements of activities and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Each financial statement should have a reference to the accountant's compilation report [SSARS No. 19 (AR 80.18)]. See the discussion in section 504.
4. Normally, all reports should be addressed to the board of trustees and/or management.
5. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the organization.
6. The report should be dated as of the completion of the accountant's work [SSARS No. 19 (AR 80.17g)]. Section 604 discusses dating the accountant's report.
7. Voluntary health and welfare organizations are also required to present a statement of functional expenses. Accordingly, if the entity is a voluntary health and welfare organization, the financial statements identified in the first paragraph would refer to "the related statements of activities, functional expenses, and cash flows."
8. The report uses the financial statement titles referred to in FASB ASC 958. However, the statements covered by the report should be identified using the titles that appear on the financial statements. Thus, for example, if the organization titles the statement of financial position "balance sheet," that title would be used; or, if a separate statement of unrestricted revenues, expenses, and other changes in unrestricted net assets is presented, it would be identified in the introductory paragraph.

APPENDIX 6E-2

Nonprofit Organization Compilation Report— Substantially All Disclosures Omitted

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To the Board of Trustees of
ABC Organization

I (We) have compiled the accompanying statement of financial position of ABC Organization (a nonprofit organization) as of June 30, 20XX, and the related statements of activities and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, changes in net assets, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Selected notes to the financial statements, if presented, should be labeled as follows [SSARS No. 19 (AR 80.20)]:

ABC ORGANIZATION
SELECTED INFORMATION—Substantially All Disclosures Required by
Accounting Principles Generally Accepted in the United States of America Are Not Included
June 30, 20XX

Interpretation No. 19 of AR 80 (AR 9080.25–.27) provides guidance for the appropriate use of "Selected Information—Substantially All Disclosures Required by [applicable financial reporting framework] Are Not Included In Compiled Financial Statements."

4. The accountant may only compile financial statements that omit substantially all disclosures when, to the accountant's knowledge, the omission is not undertaken to mislead the expected users of the financial statements. [SSARS No. 19 (AR 80.20)] See section 607 concerning reporting on financial statements that omit substantially all disclosures.
5. Each financial statement should have a reference to the accountant's compilation report [SSARS No. 19 (AR 80.18)]. See the discussion in section 504.
6. Normally, all reports should be addressed to the board of trustees and/or management.
7. The authors believe the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the organization.
8. Voluntary health and welfare organizations are also required to present a statement of functional expenses. Accordingly, if the entity is a voluntary health and welfare organization, the financial statements identified in the first paragraph would refer to "the related statements of activities, functional expenses, and cash flows."
9. The report uses the financial statement titles referred to in FASB ASC 958. However, the statements covered by the report should be identified using the titles that appear on the financial statements. Thus, for example, if the organization titles the statement of financial position "balance sheet," that title would be used; or, if a separate statement of unrestricted revenues, expenses, and other changes in unrestricted net assets is presented, it would be identified in the introductory paragraph.
10. The report should be dated as of the completion of the accountant's work [SSARS No. 19 (AR 80.17g)]. Section 604 discusses dating the accountant's report.

APPENDIX 6E-3**Nonprofit Organization Compilation Report—Measurement Departure from GAAP (Improper Accounting for Donated Property) and Impact of Departure *Not Determined*****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To the Board of Trustees of
ABC Organization

I (We) have compiled the accompanying statement of financial position of ABC Organization (a nonprofit organization) as of December 31, 20XX, and the related statements of activities and cash flows for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

As explained in Note X to the financial statements, real estate that ABC Organization acquired by gift is not recorded in the financial statements. Accounting principles generally accepted in the United States of America require that such donated property be recorded at its fair value at the date of receipt. The effect of this departure from accounting principles generally accepted in the United States of America on the financial statements has not been determined.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. If the accountant believes that modification of the standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, he should withdraw from the compilation engagement and provide no further services with respect to those financial statements. The accountant may wish to consult with legal counsel in these circumstances [SSARS No. 19 (AR 80.29)].
3. The accountant should also be aware of the optional paragraph that may be included when there are pervasive departures. See Note 4 to Appendix 6B-4.
4. See also the Notes to Appendix 6E-1.

APPENDIX 6E-4

Nonprofit Organization Compilation Report—Cash Basis Financial Statements

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To the Board of Trustees of
ABC Organization

I (We) have compiled the accompanying statement of assets, liabilities, and net assets—cash basis of ABC Organization (a nonprofit organization) as of December 31, 20XX, and the related statement of revenues, expenses, and other changes in net assets—cash basis for the year then ended. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Firm's Signature

Report Date

Notes:

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. The basis of accounting is usually disclosed in a note to the financial statements. The first and second paragraphs to the accountant's compilation report above indicate that the financial statements are prepared on the cash basis of accounting. The example report included at SSARS No. 19, Compilation Exhibit B (AR 80.64) does not include language emphasizing that the basis of accounting used is not GAAP. However, if the accountant believes it would be helpful to emphasize that fact, a phrase such as "which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America" could be added after the name of the other comprehensive basis of accounting in the introductory paragraph.
4. Normally, all reports should be addressed to the board of trustees and/or management.
5. The terms *balance sheet*, *income statement*, etc., should not be used to describe statements prepared on an other comprehensive basis of accounting. See section 805 for other examples of statement titles.
6. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the organization in the first paragraph of the report.
7. The report should be dated as of the completion of the accountant's work [SSARS No. 19 (AR 80.17g)]. Section 604 discusses dating the accountant's report.

8. Financial statements prepared on an OCBOA should have all disclosures necessary for adequate disclosure. See AU-C 800, SSARS No. 19 (AR 80.19), and section 812 for considering the adequacy of disclosure. See Appendix 6E-2 if disclosures are omitted.
9. Each financial statement should have a reference to the accountant's compilation report on each page [SSARS No. 19 (AR 80.18)]. See discussion in section 504.
10. Statements prepared on an OCBOA do not require a statement of cash flows to be presented. See section 806.
11. Additional OCBOA report examples can be found in the Appendixes to Chapter 8.

APPENDIX 6F-1

Standard Nonprofit Organization Review Report

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of
ABC Organization

I (We) have reviewed the accompanying statement of financial position of ABC Organization (a nonprofit organization) as of June 30, 20XX, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. If the accountant is to issue an unmodified review report, the financial statements must be accompanied by all disclosures required by GAAP.
4. Each financial statement should have a reference to the independent accountant's review report [SSARS No. 19 (AR 90.29)].
5. A review report cannot be issued when the accountant is not independent [SSARS No. 19 (AR 90.02)].
6. Normally, all reports should be addressed to the board of trustees and/or management.
7. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the organization.

8. Voluntary health and welfare organizations are also required to present a statement of functional expenses. Accordingly, if the entity is a voluntary health and welfare organization, the financial statements identified in the first paragraph would refer to “the related statements of activities, functional expenses, and cash flows.”
9. The report uses the financial statement titles referred to in FASB ASC 958. However, the statements covered by the report should be identified using the titles that appear on the financial statements. Thus, for example, if the organization titles the statement of financial position “balance sheet,” that title would be used; or, if a separate statement of unrestricted revenues, expenses, and other changes in unrestricted net assets is presented, it would be identified in the introductory paragraph.
10. The report should be dated no earlier than the date on which the accountant has accumulated review evidence [SSARS No. 19 (AR 90.28h)]. Section 604 discusses dating the accountant’s report.

APPENDIX 6F-2

Nonprofit Organization Review—Measurement Departure from GAAP (Improper Functional Allocation of Expenses) and Impact of Departure *Is Determined*

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of
ABC Organization

I (We) have reviewed the accompanying statement of financial position of ABC Organization (a nonprofit organization) as of December 31, 20XX, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, with the exception of the matter described in the following paragraph, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note B to the financial statements, during 20XX the Organization incurred costs of approximately \$XX,XXX in connection with its fundraising efforts. Such amount is not set forth separately in the accompanying financial statements as required by accounting principles generally accepted in the United States of America, but is included in the amount shown for management and general expenses.

Firm's Signature

Report Date

Notes:

1. Authority—SSARS No. 19, Review Exhibit D (AR 90.73).
2. If the accountant believes that modification of the standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, he should withdraw from the review engagement and provide no further services with respect to the financial statements. The accountant may wish to consult legal counsel in these circumstances [SSARS No. 19 (AR 90.36)].
3. The accountant should also be aware of the optional paragraph that may be included when there are pervasive departures. See Note 4 to Appendix 6B-4.
4. See also the Notes to Appendix 6F-1.

APPENDIX 6F-3

Nonprofit Organization Review Report—Cash Basis Financial Statements

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of
ABC Organization

I (We) have reviewed the accompanying statement of assets, liabilities, and net assets—cash basis of ABC Organization (a nonprofit organization) as of December 31, 20XX, and the related statement of revenues, expenses, and other changes in net assets—cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the cash basis of accounting, as described in Note A.

Firm's Signature

Report Date

Notes:

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Review Exhibit D (AR 90.73).
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. The financial statements should disclose the basis of accounting. This disclosure might read as follows:

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's policy is to prepare its financial statements on the cash basis of accounting; consequently, contributions and other revenues are recognized when received rather than when promised or earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Instead of using the pure cash basis, organizations may use the basis of accounting referred to as the "modified cash basis." See discussion beginning at paragraph 803.2 for the modifications that have substantial support.

4. Normally, all reports should be addressed to the board of trustees and/or management.
5. The terms *balance sheet*, *income statement*, etc., should not be used to describe statements prepared on an other comprehensive basis of accounting. See AU-C 800 and section 805 for other examples of statement titles.
6. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the organization in the first paragraph of the report.
7. The report should be dated no earlier than the date on which the accountant has accumulated review evidence [SSARS No. 19 (AR 90.28h)]. Section 604 discusses dating the accountant's report.
8. Financial statements prepared on an OCBOA should have all notes necessary for adequate disclosure. See AU-C 800, SSARS No. 19 (AR 90.32), and section 812 of this chapter for considering the adequacy of disclosure. A review report cannot be issued if disclosures have been omitted.
9. Each financial statement should have a reference to the independent accountant's review report on each page [SSARS No. 19 (AR 90.29)]. See discussion in section 504.4.
10. A review report cannot be issued when the accountant is not independent [SSARS No. 19 (AR 90.02)].
11. Statements prepared on an OCBOA do not require a statement of cash flows to be presented. See section 806.
12. Additional OCBOA report examples can be found in the Appendixes to Chapter 8.

APPENDIX 6F-4**Nonprofit Organization Review—Both Years Reviewed with Prior Year Summarized Information**

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Trustees of
ABC Organization

I (We) have reviewed the accompanying statement of financial position of ABC Organization (a nonprofit organization) as of December 31, 20X2, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

I (We) previously reviewed ABC Organization's 20X1 financial statements and in my (our) report dated March 1, 20X2, stated that based on my (our) procedures, I was (we were) not aware of any material modifications that should be made to the 20X1 financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. I am (we are) not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 20X1, for it to be consistent with the reviewed financial statements from which it has been derived.

Firm's Signature

Report Date

Notes:

1. Authority—Paragraph 5.37 of the AICPA CAR Guide.
2. See also the Notes to Appendix 6F-1.

APPENDIX 6G-1

Standard Compilation Report for a Governmental Entity

(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To the City Council
City of X, State Y

I (We) have compiled the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of X, State Y, as of and for the year ended June 30, 20XX, which collectively comprise the City's basic financial statements as listed in the table of contents. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the City of X, State Y is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Accounting principles generally accepted in the United States of America require that [Identify the required supplementary information.] on page X through page XX be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been compiled by me (us) without audit or review and accordingly, I (we) do not express an opinion or provide any assurance on it.

Firm's Signature

Report Date

Notes:

1. Authority—Paragraphs 3.23 and 3.41 of the AICPA CAR Guide.
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Each page of the financial statements and required supplementary information should include a reference to the accountant's compilation report [SSARS No. 19 (AR 80.18)].
4. The report should be dated as of the completion of the accountant's work [SSARS No. 19 (AR 80.17g)]. Section 604 discusses dating the accountant's report.
5. If the governmental unit is a component unit of another government, this fact should be disclosed in the financial statements of the component unit. The first sentence of the accountant's report should also be

modified; “City of X, State Y” should be changed to “Example Hospital District, component unit of Example County” and “City’s” should be changed to “District’s” as appropriate.

6. Accountants may issue a separate report on the required supplementary information in lieu of reporting on that information in their report on the financial statements. The separate report should be placed on the page immediately preceding the required supplementary information. A title such as “Accountant’s Compilation Report on Required Supplementary Information” may be used
7. If management elects to omit all required supplementary information, the last paragraph should be replaced with a paragraph that reads as follows:

Management has omitted [Describe the missing required supplementary information.] that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

8. If the accountant does not compile the required supplementary information, the last paragraph should be replaced with a paragraph that reads as follows:

Accounting principles generally accepted in the United States of America require that [Identify the required supplementary information.] on page X through page XX be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by me (us), and I (we) do not express an opinion or provide any assurance on it.

APPENDIX 6G-2

Governmental Entity Compilation Report—Substantially All Disclosures Omitted

(INDEPENDENT) ACCOUNTANT’S COMPILATION REPORT

To the City Council
City of X, State Y

I (We) have compiled the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of X, State Y, as of and for the year ended June 30, 20XX, which collectively comprise the City’s basic financial statements as listed in the table of contents. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the City of X, State Y, is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user’s conclusions about the City’s financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Accounting principles generally accepted in the United States of America require that [Identify the required supplementary information.] on page X through page XX, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been compiled by me (us) without audit or review and accordingly, I (we) do not express an opinion or provide any assurance on it.

Firm’s Signature

Report Date

Notes:

1. Authority—Paragraphs 3.23 and 3.41 of the AICPA CAR Guide.
2. SSARS No. 19 (AR 80.17a) states that the accountant’s report should have a title. If the accountant is independent, then that fact may be indicated in the title.

3. Selected notes to the financial statements, if presented, should be listed as follows [SSARS No. 19 (AR 80.20)]:

City of X, State Y
 SELECTED INFORMATION—Substantially All Disclosures Required by
 Accounting Principles Generally Accepted in the United States of America Are Not Included
 June 30, 20XX

Interpretation No. 9 of AR 80 (AR 9080.25–.27) provides guidance for the appropriate use of “Selected Information—Substantially All Disclosures Required by Accounting Principles Generally Accepted in the United States of America Are Not Included.”

4. The accountant may only compile financial statements that omit substantially all disclosures when, to the accountant’s knowledge, the omission is not undertaken to mislead the expected users of the financial statements. [SSARS No. 19 (AR 80.20)] See section 607 concerning reporting on financial statements that omit substantially all disclosures.
5. Each page of the financial statements and required supplementary information should have a reference to the accountant’s compilation report [SSARS No. 19 (AR 80.18)]. See the discussion in section 504.
6. The report should be dated as of the completion of the accountant’s work [SSARS No. 19 (AR 80.17g)]. Section 604 discusses dating the accountant’s report.
7. If the governmental unit is a component unit of another government, this fact should be disclosed on the financial statements of the component unit. The first sentence of the accountant’s report should also be modified; “City of X, State Y” should be changed to “Example Hospital District, component unit of Example County” and “City’s” should be changed to “District’s” as appropriate.
8. Accountants may issue a separate report on the required supplementary information in lieu of reporting on that information in their report on the financial statements. The separate report should be placed on the page immediately preceding the required supplementary information. A title such as “Accountant’s Compilation Report on Required Supplementary Information” may be used.
9. If management elects to omit all required supplementary information, the last paragraph should be replaced with a paragraph that reads as follows:
- Management has omitted [Describe the missing required supplementary information.] that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.
10. If the accountant does not compile the required supplementary information, the last paragraph should be replaced with a paragraph that reads as follows:

Accounting principles generally accepted in the United States of America require that [Identify the required supplementary information.] on page X through page XX be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by me (us), and I (we) do not express an opinion or provide any assurance on it.

APPENDIX 6G-3

Governmental Entity Compilation Report—Departure from GAAP (Omission of Compensated Absences) and Impact of Departure Not Determined

(INDEPENDENT) ACCOUNTANT’S COMPILATION REPORT

To the City Council
City of X, State Y

I (We) have compiled the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of X, State Y, as of and for the year ended June 30, 20XX, which collectively comprise the City’s basic financial statements as listed in the table of contents. I (We) have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

The management of the City of X, State Y, is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements. During my (our) compilation, I (we) did become aware of a departure from accounting principles generally accepted in the United States of America that is described in the following paragraph.

As explained in Note X to the financial statements, management has not recorded a liability for compensated absences in governmental activities and, accordingly, has not recorded an expenditure for the current period change in that liability. Accounting principles generally accepted in the United States of America require that compensated absences attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenditures of the governmental activities. The amount by which this departure would affect the liabilities and expenditures of the governmental activities is not reasonably determinable.

Accounting principles generally accepted in the United States of America require that [Identify the required supplementary information.] on page X through page XX, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information has been compiled by me (us) without audit or review and accordingly, I (we) do not express an opinion or provide any assurance on it.

Firm’s Signature

Report Date

Notes:

- 1. Authority—Paragraphs 3.23 and 3.41 of the AICPA CAR Guide.

2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. If the accountant believes that modification of the standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, he should withdraw from the compilation engagement and provide no further services with respect to those financial statements. The accountant may wish to consult with legal counsel in these circumstances [SSARS No. 19 (AR 80.29)].
4. Each page of the financial statements and required supplementary information should include a reference to the accountant's compilation report [SSARS No. 19 (AR 80.18)]. See the discussion in section 504.
5. The report should be dated as of the completion of the accountant's work [SSARS No. 19 (AR 80.17g)]. Section 604 discusses dating the accountant's report.
6. If the governmental unit is a component unit of another government, this fact should be disclosed in the financial statements of the component. The first sentence of the accountant's report should also be modified; "City of X, State Y" should be changed to "Example Hospital District, component unit of Example County" and "City's" should be changed to "District's" as appropriate.
7. Accountants may issue a separate report on the required supplementary information in lieu of reporting on that information in their report on the financial statements. The separate report should be placed on the page immediately preceding the required supplementary information. A title such as "Accountant's Compilation Report on Required Supplementary Information" may be used.
8. If management elects to omit all required supplementary information, the last paragraph should be replaced with a paragraph that reads as follows:

Management has omitted [Describe the missing required supplementary information.] that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context.

9. If the accountant does not compile the required supplementary information, the last paragraph should be replaced with a paragraph that reads as follows:

Accounting principles generally accepted in the United States of America require that [Identify the required supplementary information.] on page X through page XX be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by me (us), and I (we) do not express an opinion or provide any assurance on it.

APPENDIX 6H-1

Standard Review Report for a Governmental Entity

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the City Council
City of X, State Y

I (We) have reviewed the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of X, State Y, as of and for the year ended June 30, 20XX, which collectively comprise the City's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of City of X, State Y. 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.

The management of the City of X, State Y is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that [Identify the required supplementary information.] on page X through page XX be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by me (us), and I (we) do not express an opinion or provide any assurance on it.

Firm's Signature

Report Date

Notes:

1. Authority—Paragraphs 5.27 and 5.37 of the AICPA CAR Guide.
2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. If the accountant is to issue an unmodified review report, the financial statements must be accompanied by all disclosures required by GAAP.

4. Each page of the financial statements and required supplementary information should include a reference to the independent accountant's review report [SSARS No. 19 (AR 90.29)].
5. A review report cannot be issued when the accountant is not independent [SSARS No. 19 (AR 90.02)].
6. The report should be dated no earlier than the date on which the accountant has accumulated review evidence [SSARS No. 19 (AR 90.28h)].
7. If the governmental unit is a component unit of another government, this fact should be disclosed in the financial statements of that component unit. The first sentence of the accountant's report should also be modified; "City of X, State Y" should be changed to "Example Hospital District, component unit of Example County" and "City's" should be changed to "District's" as appropriate.
8. Accountants may issue a separate report on the required supplementary information in lieu of reporting on that information in their report on the financial statements. The separate report should be placed on the page immediately preceding the required supplementary information. A title such as "Independent Accountant's Review Report on Required Supplementary Information" may be used.
9. If management elects to omit all required supplementary information, the last paragraph should be replaced with a paragraph that reads as follows:

Management has omitted [Describe the missing required supplementary information.] that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The results of our review of the basic financial statements are not affected by this missing information.

APPENDIX 6H-2

Governmental Entity Review Report—Departure from GAAP (Omission of Compensated Absences) and Impact of Departure Not Determined

INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To the City Council
City of X, State Y

I (We) have reviewed the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of X, State Y, as of and for the year ended June 30, 20XX, which collectively comprise the City’s basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of the management of City of X, State Y. 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.

The management of the City of X, State Y is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My (Our) responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require me (us) to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, with the exception of the matter described in the following paragraph, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

As explained in Note X to the financial statements, management has not recorded a liability for compensated absences in governmental activities and, accordingly, has not recorded an expenditure for the current period change in that liability. Accounting principles generally accepted in the United States of America require that compensated absences attributable to employee services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee be accrued as liabilities and expenditures of the governmental activities. The amount by which this departure would affect the liabilities and expenditures of the governmental activities is not reasonably determinable.

Accounting principles generally accepted in the United States of America require that [Identify the required supplementary information.] on page X through page XX be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information was not audited, reviewed, or compiled by me (us), and I (we) do not express an opinion or provide any assurance on it.

Firm’s Signature

Report Date

Notes:

- 1. Authority—Paragraphs 5.27 and 5.37 of the AICPA CAR Guide.

2. SSARS No. 19 (AR 90.28a) states that the accountant's report should have a title and that title should include the word "Independent."
3. If the accountant believes that modification of the standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, he should withdraw from the review engagement and provide no further services with respect to those financial statements. The accountant may wish to consult with legal counsel in these circumstances [SSARS No. 19 (AR 90.36)].
4. Each page of the financial statements and required supplementary information should include a reference to the accountant's review report [SSARS No. 19 (AR 90.29)].
5. A review report cannot be issued when the accountant is not independent [SSARS No. 19 (AR 90.02)].
6. The report should be dated no earlier than the date on which the accountant has accumulated review evidence [SSARS No. 19 (AR 90.28h)].
7. If the governmental unit is a component unit of another government, this fact should be disclosed in the financial statements of the component unit. The first sentence of the accountant's report should be modified; "City of X, State Y" should be changed to "Example Hospital District, component unit of Example County" and "City's" should be changed to "District's" as appropriate.
8. Accountants may issue a separate report on the required supplementary information in lieu of reporting on that information in their report on the financial statements. The separate report should be placed on the page immediately preceding the required supplementary information. A title such as "Independent Accountant's Review Report on Required Supplementary Information" may be used.
9. If management elects to omit all required supplementary information, the last paragraph should be replaced with a paragraph that reads as follows:

Management has omitted [Describe the missing required supplementary information.] that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The results of our review of the basic financial statements are not affected by this missing information.