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## **EXPOSURE DRAFT**

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# **PROPOSED STATEMENT ON STANDARDS FOR ACCOUNTING AND REVIEW SERVICES**

*SUPPLEMENTARY INFORMATION THAT ACCOMPANIES REVIEWED FINANCIAL  
STATEMENTS AND THE ACCOUNTANT'S REVIEW REPORT THEREON*

*(To Amend Statement on Standards for Accounting and Review Services No. 21,  
Statements on Standards for Accounting and Review Services: Clarification and  
Recodification, AR-C section 90, Review of Financial Statements [AICPA, Professional  
Standards].)*

**July X, 2016**

**Comments are requested by September 2, 2016**

Prepared by the AICPA Accounting and Review Services Committee for comment from persons  
interested in review and reporting issues.

Comments should be addressed to Mike Glynn at [mglynn@aicpa.org](mailto:mglynn@aicpa.org)



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## EXPLANATORY MEMORANDUM

### Introduction

This memorandum provides background on the proposed Statement on Standards for Accounting and Review Services (SSARS), *Supplementary Information That Accompanies Reviewed Financial Statements and the Accountant's Review Report Thereon*:

The proposed SSARS will amend AR-C section 90, *Review of Financial Statements* (AICPA, *Professional Standards*) to revise paragraphs .05, .81-.82 and .A129-.A131 and add paragraphs .A10-.A11.

### Background

AR-C section 90 includes requirements and guidance when supplementary information accompanies reviewed financial statements and the accountant's review report thereon. ARSC determined that certain revisions were necessary to correct the requirements and guidance related to reporting on supplementary information.

### Effective Date

It is anticipated that the proposed SSARS will be effective upon issuance.

### Changes From Existing Standards

The proposed standard reflects a technical correction of AR-C section 90. ARSC is not proposing any other modifications to SSARSs.

### Guide for Respondents

ARSC requests comments on specific paragraphs in the proposed SSARSs. Comments are most helpful when they refer to specific paragraphs, include the reasons for the comments, and (when appropriate) make specific recommendations for any suggested changes to wording. When a respondent agrees with proposals in the exposure draft, it will be helpful for ARSC to be made aware of this view as well.

Written comments on the exposure draft will become part of the public record of the AICPA and will be available for public inspection at the AICPA offices after October X, 2016, for a period of one year. Responses should be sent to Mike Glynn at [mglynn@aicpa.org](mailto:mglynn@aicpa.org) by October X, 2016.

### Comment Period

The comment period for this exposure draft ends on September 2, 2016.

**Accounting and Review Services Committee**  
(2015–2016)

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**Proposed SSARS, *Supplementary Information That Accompanies Reviewed Financial Statements and the Accountant’s Review Report Thereon***

**Amendment to AR-C section 90, *Review of Financial Statements* (AICPA, *Professional Standards*)**

1. AR-C section 90 addresses the accountant’s responsibilities when engaged to review financial statements. This amendment revises paragraphs .05, .81-.82 and .A129-.A131 and adds paragraphs .A10-.A11 to clarify the definition of supplementary information and to revise the accountant’s reporting responsibilities when supplementary information accompanies reviewed financial statements and the accountant’s review report thereon.
2. New language is shown in boldface italics; deleted language is shown by strikethrough.
3. These amendments are effective upon issuance.

**Definitions**

**.05** For purposes of SSARSs, the following terms have the meanings attributed as follows:...

**Supplementary information.** Information presented outside the basic financial statements, excluding required supplementary information, that is not considered necessary for the financial statements to be fairly presented in accordance with the applicable financial reporting framework. ***Such information may be presented in a document containing the reviewed financial statements or separate from the reviewed financial statements. (Ref: par. .A10–.A11)***

**Supplementary Information That Accompanies Reviewed Financial Statements and the Accountant’s Review Report Thereon**

- .80** When supplementary information accompanies reviewed financial statements and the accountant’s review report thereon, the accountant should clearly indicate the degree of responsibility, if any, the accountant is taking with respect to such information in either (Ref: par. ~~.A128~~**A130**)
- a. an other-matter paragraph in the accountant’s review report on the financial statements or
  - b. a separate report on the supplementary information

- .81** When the accountant has *subjected* reviewed both the financial statements and the supplementary information *to the review procedures applied in the accountant's review of the basic financial statements*, the other-matter paragraph in the accountant's review report on the financial statements or the separate report on the supplementary information should state that (Ref: par. ~~.A129A131~~ and ~~.A131A133~~)
- the *supplementary* information is presented for purposes of additional analysis and is not a required part of the *basic* financial statements;
  - the *supplementary* information is the ~~representation~~ *responsibility* of management *and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements*;
  - the ~~accountant~~ *supplementary information* has ~~reviewed the information~~ *been subjected to the review procedures applied in the accountant's review of the basic financial statements*; and, based on the accountant's review, whether the accountant is aware of any material modifications that should be made to the information ~~in order for it to be in accordance with the applicable financial reporting framework~~; and
  - the accountant has not audited the *supplementary* information and, accordingly, does not express an opinion on such information.
- .82** When the accountant has ~~reviewed the financial statements~~ but not *subjected* the supplementary information *to the review procedures applied in the accountant's review of the basic financial statements*, the other-matter paragraph in the accountant's review report on the financial statements or the separate report on the supplementary information should state that (Ref: par. ~~.A130A132~~–~~.A131A133~~)
- the *supplementary* information is presented for purposes of additional analysis and is not a required part of the *basic* financial statements;
  - the *supplementary* information is the ~~representation~~ *responsibility* of management; and
  - the accountant has not audited or reviewed the *supplementary* information and, accordingly, does not express an opinion, a conclusion, nor provide any assurance on such information.

## Application and Other Explanatory Material

### Definitions (Ref: par. .05)

- .A10 Supplementary information includes additional details or explanations of items in or related to the basic financial statements, consolidating information, historical summaries of items extracted from the basic financial statements, statistical data, and other material, some of which may be from sources outside the accounting system or outside the entity.*
- .A11 Supplementary information may be prepared in accordance with an applicable financial reporting framework, by regulatory or contractual requirements, in accordance with management's criteria, or in accordance with other requirements.*

**Supplementary Information That Accompanies Reviewed Financial Statements and the Accountant's Review Report Thereon** (Ref: par. .80–.82)

~~A128~~A130 Although not required to perform a compilation or review on supplementary information, nothing precludes the accountant from performing a compilation or review on such information if engaged to do so.

~~A129~~A131 The following is an example of how an accountant may word an other-matter paragraph addressing supplementary information when ~~the accountant has reviewed both the financial statements and the~~ supplementary information *has been subjected to the review procedures applied in the accountant's review of the basic financial statements*:

**Other Matter**

The [*identify the supplementary information*] is presented for purposes of additional analysis and is not a required part of the basic financial statements. ~~The~~ **Such** information is the ~~representation~~ **responsibility** of management *and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements*. ~~I (We) have reviewed the~~ **The** information *has been subjected to the review procedures applied in my (our) review of the basic financial statements*. ~~and, based on my (our) review, I am (we are) not aware of any material modifications that should be made to the information in order for it to be in accordance with [the applicable financial reporting framework]. I (We) have not audited the information and, accordingly, do not express an opinion on such information.~~

~~A130~~A132 The following is an example of how an accountant may word an other-matter paragraph addressing supplementary information when the ~~accountant has reviewed the financial statements but has not reviewed~~ the supplementary information *has not been subjected to the review procedures applied in the review of the basic financial statements*:

**Other Matter**

The [*identify the supplementary information*] is presented for purposes of additional analysis and is not a required part of the basic financial statements. ~~The~~ **Such** information is the ~~representation~~ **responsibility** of management. I (We) have not audited or reviewed such information and, accordingly, I (we) do not express an opinion, a conclusion, nor provide any assurance on it.

~~A131~~A133 Supplementary information ~~on which the accountant has performed a compilation or review~~ may become unattached from the accountant's review report. To minimize the possibility that a user of the information may infer, through the accountant's association with the information, an unintended level of reliance on the information, the accountant may consider including a reference to the accountant's review report on each page of the information. An example of a reference to the accountant's review report included on each page of the supplementary information is "See independent accountant's review report."