

**AR Section 200****Reporting on Comparative Financial Statements**

Issue date, unless  
otherwise indicated:  
October 1979

See section 9200 for interpretations of this section.

Source: SSARS No. 2;  
SSARS No. 3; SSARS No. 4;  
SSARS No. 5; SSARS No. 7;  
SSARS No. 11; SSARS No. 12;  
SSARS No. 15; SSARS No. 17

**.01** This section establishes standards for reporting on comparative financial statements<sup>[1]</sup> of a nonissuer when financial statements of one or more periods presented have been compiled and reported on or reviewed in accordance with section 80, *Compilation of Financial Statements*, or section 90, *Review of Financial Statements*, respectively.<sup>2</sup> [Revised, October 2000, to reflect conforming changes necessary due to the issuance of Statement on Standards for Accounting and Review Services (SSARS) No. 8. As amended, effective for compilations and reviews of financial statements for periods ending after December 15, 2008, by SSARS No. 17. Revised, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]

**.02** When comparative financial statements are presented, the accountant should issue an appropriate report(s) covering each period presented in accordance with the provisions of this section. Exhibit A, "Illustrative Compilation Reports on Comparative Financial Statements," and exhibit B, "Illustrative Review Reports on Comparative Financial Statements," provide illustrative reports on comparative financial statements, including how the title of the report may be modified when the level of service between the years is different.<sup>[3]</sup>

**.03** Client-prepared financial statements of some periods that have not been audited, reviewed, or compiled may be presented on separate pages of a document that also contains financial statements of other periods on which the accountant has reported if they are accompanied by an indication by the client that the accountant has not audited, reviewed, or compiled those financial statements and that the accountant assumes no responsibility for them. Whenever the accountant becomes aware that financial statements of other periods that have not been audited, reviewed, or compiled have been presented in

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[1] [Footnote deleted, December 2010, to reflect conforming changes necessary due to the issuance of Statement on Standards for Accounting and Review Services (SSARS) No. 19.]

<sup>2</sup> The terms *nonissuer* and *financial statements* are defined in paragraph .04 of section 60, *Framework for Performing and Reporting on Compilation and Review Engagements*. [As amended, effective for compilations and reviews of financial statements for periods ending after December 15, 2008, by SSARS No. 17. Footnote revised, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]

[3] [Footnote deleted to reflect the conforming changes necessary due to the issuance of SSARS No. 8.]

columnar form in a document with financial statements on which he or she has compiled or reviewed and that his or her name has been used or his or her report included in the document, he or she should advise his or her client that the use of his or her name or report is inappropriate and should consider what other actions might be appropriate, including consultation with his or her attorney.

**.04** An accountant may modify his or her report with respect to one or more financial statements for one or more periods while issuing an unmodified report on the other financial statements presented.

**.05** Compiled financial statements that omit substantially all of the disclosures required by an applicable financial reporting framework<sup>(4)</sup> are not comparable to financial statements that include such disclosures. Accordingly, the accountant should not issue a report on comparative financial statements when statements for one or more, but not all, of the periods presented omit substantially all of the disclosures required by an applicable financial reporting framework. (See paragraphs .30–.31 for guidance on reporting on financial statements that previously did not omit substantially all of the disclosures required by an applicable financial reporting framework.) [As amended by the issuance of SSARS No. 15, July 2007. Revised, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]

**.06** Each page of the comparative financial statements compiled or reviewed by the accountant should include a reference such as "See Accountant's Compilation Report" or "See Independent Accountant's Review Report." [Revised, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]

## Definitions

**.07** The following definitions apply for purposes of this section:

**Comparative financial statements.** Financial statements of two or more periods presented in columnar form.

**Continuing accountant.** An accountant who has been engaged to audit, review, or compile and report on the financial statements of the current period and one or more consecutive periods immediately prior to the current period.

**Updated report.** A report issued by a continuing accountant that takes into consideration information that he or she becomes aware of during his or her current engagement and that re-expresses his or her previous conclusions or, depending on the circumstances, expresses different conclusions on the financial statements of a prior period as of the date of his or her current report.<sup>5</sup>

**Reissued report.** A report issued subsequent to the date of the original report that bears the same date as the original report. A reissued report may need to be revised for the effects of specific events; in these circumstances, the report should be dual-dated with the original date and a separate date that applies to the effects of such events.

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<sup>(4)</sup> [Footnote deleted, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19]

<sup>5</sup> See paragraph .17 of section 80, *Compilation of Financial Statements*, and paragraph .28 of section 90, *Review of Financial Statements*. [Footnote revised, November 2002, to reflect conforming changes necessary due to the issuance of Statement on Standards for Accounting and Review Services No. 9. Footnote revised, May 2004, to reflect the conforming changes necessary due to the issuance of Statement on Standards for Accounting and Review Services No. 10. Footnote revised, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]

## Continuing Accountant's Standard Report

**.08** A continuing accountant who performs the same or a higher level of service with respect to the financial statements of the current period should update his or her report on the financial statements of a prior period presented with those of the current period.<sup>6</sup> A continuing accountant who performs a lower level of service with respect to the financial statements of the current period should either (a) include as a separate paragraph of his or her report a description of the responsibility assumed for the financial statements of the prior period (see paragraphs .11–.12) or (b) reissue his or her report on the financial statements of the prior period.

**.09** [Paragraph deleted, December 2010, to reflect presentation style and conforming changes necessary due to the issuance of SSARS No. 19.]

**.10** [Paragraph deleted, December 2010, to reflect presentation style and conforming changes necessary due to the issuance of SSARS No. 19.]

**.11** A continuing accountant who performs a compilation of the current-period financial statements and has previously reviewed one or more prior-period financial statements should report as indicated in either (a) or (b) that follow:

- a. Issue a compilation report on the current-period financial statements that includes a description of the responsibility assumed for the financial statements of the prior period. The description should include the original date of the accountant's report and should also state that he or she has not performed any procedures in connection with that review engagement after that date.
- b. Combine his or her compilation report on the financial statements of the current period with his or her reissued review report on the financial statements of the prior period or present them separately. The combined report should state that the accountant has not performed any procedures in connection with that review engagement after the date of his or her review report.

**.12** See exhibit A and exhibit B for examples of a continuing accountant's standard report on comparative financial statements when

- the same level of service has been performed for both periods.
- the financial statements of the current period have been reviewed and those of the prior period have been compiled.
- the financial statements of the current period have been compiled and those of the prior period have been reviewed.

[Revised, December 2010, to reflect presentation style and conforming changes necessary due to the issuance of SSARS No. 19.]

## Continuing Accountant's Changed Reference to a Departure From the Applicable Financial Reporting Framework

**.13** During his or her current engagement, the accountant should be aware that circumstances or events may affect the prior-period financial statements

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<sup>6</sup> For purposes of this section, a *review* is a higher level of service and a *compilation* is a lower level of service. When one of the periods is audited, see paragraphs .28–.29.

presented, including the adequacy of informative disclosures. The accountant should consider the effects on his or her report on the prior-period financial statements of circumstances or events coming to his or her attention.

**.14** When the accountant's report on the financial statements of the prior period contains a changed reference to a departure from the applicable financial reporting framework,<sup>7</sup> his or her report should include a separate explanatory paragraph indicating

- a. the date of the accountant's previous report.
- b. the circumstances or events that caused the reference to be changed.
- c. when applicable, that the financial statements of the prior period have been changed.

[Revised, December 2010, to reflect presentation style and conforming changes necessary due to the issuance of SSARS No. 19.]

**.15** See exhibit A and exhibit B for examples of reports which include an explanatory paragraph when an accountant's report contains a changed reference to a departure from accounting principles generally accepted in the United States of America. [Revised, December 2010, to reflect presentation style and conforming changes necessary due to the issuance of SSARS No. 19.]

## **Predecessor's Compilation or Review Report**

**.16** A predecessor may reissue his or her report at the client's request if he or she is able to make satisfactory arrangements with his or her former client and if he or she complies with the provisions of paragraphs .20–.24. However, a predecessor is not required to reissue his or her compilation or review report on the financial statements of a prior period. If he or she does not reissue his or her compilation or review report on the financial statements of a prior period, a successor should either (a) make reference to the report of the predecessor in accordance with the provisions of paragraphs .17–.19 or (b) perform a compilation or review of the financial statements of the prior period and report on them accordingly.<sup>[8]</sup>

## **Predecessor's Compilation or Review Report Not Presented**

**.17** When the financial statements of a prior period have been compiled or reviewed by a predecessor whose report is not presented and the successor has not compiled or reviewed those financial statements, the successor should make reference in an additional paragraph(s) of his or her report on the current-period financial statements to the predecessor's report on the prior-period financial statements. This reference should include the following matters:

- a. A statement that the financial statements of the prior period were compiled or reviewed by another accountant (other accountants).<sup>9</sup>
- b. The date of his or her (their) report.

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<sup>7</sup> A changed reference includes the removal of a prior reference or the inclusion of a new reference.

<sup>[8]</sup> [Footnote deleted by the issuance of SSARS No. 4, December 1981.]

<sup>9</sup> The successor accountant should not name the predecessor accountant in his or her report unless the predecessor accountant if the predecessor accountant's practice was acquired by, or merged with, that of the successor accountant. [Footnote amended, effective May 2004, by SSARS No. 11. Footnote revised, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]

- c. If the financial statements of the prior period were compiled, a statement that the other accountant(s) did not audit or review the financial statements and, accordingly, did not express an opinion or provide any assurance about whether the financial statements are in accordance with the applicable financial reporting framework.
- d. If the financial statements of the prior period were reviewed, a statement that, based on his or her review, the other accountant(s) are not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with the applicable financial reporting framework, other than those modifications, if any, indicated in the report.
- e. A description or a quotation of any modifications of the standard report and of any paragraphs emphasizing a matter regarding the financial statements.

[Revised, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]

**.18** See exhibit A and exhibit B for examples of reports when the predecessor compiled or reviewed the financial statements of the prior period, respectively. [Revised, December 2010, to reflect presentation style and conforming changes necessary due to the issuance of SSARS No. 19.]

**[.19]** [Paragraph deleted, December 2010, to reflect presentation style and conforming changes necessary due to the issuance of SSARS No. 19.]

## Predecessor's Compilation or Review Report Reissued

**.20** Before reissuing a compilation or review report on the financial statements of a prior period, a predecessor should consider whether his or her report is still appropriate. In making this determination, the predecessor should consider (a) the current form and manner of presentation of the prior-period financial statements, (b) subsequent events not previously known, and (c) changes in the financial statements that require the addition or deletion of modifications to the standard report.

**.21** A predecessor should perform the following procedures before reissuing his or her compilation or review report on the financial statements of a prior period:

- a. Read the financial statements of the current period and the successor's report.
- b. Compare the prior-period financial statements with those previously issued and with those of the current period.
- c. Obtain a letter from the successor that indicates whether he or she is aware of any matter that, in his or her opinion, might have a material effect on the financial statements, including disclosures, reported on by the predecessor. The predecessor should not refer in his or her reissued report to this letter or to the report of the successor.

**.22** If a predecessor becomes aware of information, including information about events or transactions occurring subsequent to the date of his or her previous report, that he or she believes may affect the prior-period financial statements or his or her report on them, he or she should (a) make inquiries or perform analytical procedures similar to those he or she would have performed if he or she had been aware of such information at the date of his or her report on the prior-period financial statements and (b) perform any other procedures he or

she considers necessary in the circumstances. For example, the predecessor may wish to discuss this information with the successor or to review the engagement documentation of the successor as it relates to the matters affecting the prior-period financial statements. If the predecessor decides, based on the information obtained, that his or her report on the prior-period financial statements should be revised, he or she should follow the guidance in paragraphs .14–.15 and .23–.24. [Revised, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]

**.23** A predecessor's knowledge of the current affairs of his or her former client is obviously limited in the absence of a continuing relationship. Consequently, when reissuing his or her report on the prior-period financial statements, a predecessor should use the date of his or her previous report to avoid any implication that he or she has performed procedures after that date other than those described in paragraphs .20–.22. If the predecessor revises his or her report or if the financial statements are restated, he or she should dual-date his or her report (for example, "March 1, 20X1, except for note X, as to which the date is March 15, 20X2"). The predecessor's responsibility for events occurring subsequent to the completion of his or her engagement is limited to the specific event referred to in the note or otherwise disclosed. He or she should also obtain a written statement from the former client setting forth the information currently acquired and its effect on the prior-period financial statements and, if applicable, expressing an understanding of its effect on the predecessor's reissued report.

**.24** If a predecessor is unable to complete the procedures described in paragraphs .20–.23, he or she should not reissue his or her report and may wish to consult with his or her attorney regarding the appropriate course of action.

## Restated Prior-Period Financial Statements

**.25** When prior-period financial statements have been restated,<sup>10</sup> the predecessor accountant would normally reissue his or her report following the guidance in paragraph .22. If the predecessor decides not to reissue his or her report, the successor accountant may be engaged to report on the financial statements for the prior year. If the predecessor accountant does not reissue his or her report and the successor accountant is not engaged to report on the prior year financial statements, the successor accountant should indicate in the introductory paragraph of his or her compilation or review report that a predecessor accountant reported on the financial statements of the prior period before restatement. In addition, if the successor accountant is engaged to compile or review the restatement adjustment(s), he or she may also indicate in the accountant's report that he or she compiled or reviewed the adjustment(s) that was (were) applied to restate prior-year financial statements. [As amended, effective for compilations and reviews of financial statements for periods ending after December 15, 2005, by SSARS No. 12.]

**.26** See exhibit A and exhibit B for examples of reports when the predecessor accountant's report is not presented and the successor accountant is

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<sup>10</sup> See paragraphs .10–.11 of section 400, *Communications Between Predecessor and Successor Accountants*, for guidance regarding communication to the predecessor accountant with respect to information that leads the successor accountant to believe that the financial statements reported on by the predecessor accountant may require revision. [Footnote added, effective for compilations and reviews of financial statements for periods ending after December 15, 2005, by SSARS No. 12.]

engaged to compile or review the restatement adjustment(s), respectively.<sup>[11]</sup> [As amended, effective for compilations and reviews of financial statements for periods ending after December 15, 2005, by SSARS No. 12. Revised, December 2010, to reflect presentation style and conforming changes necessary due to the issuance of SSARS No. 19.]

[.27] [Paragraph deleted, December 2010, to reflect presentation style and conforming changes necessary due to the issuance of SSARS No. 19.]<sup>[12]</sup>

## Reporting When One Period Is Audited

[.28] [Paragraph deleted, December 2010, to remove reference to auditing literature.]

**.29** When the current-period financial statements of a nonissuer have been compiled or reviewed and those of the prior period have been audited, the accountant should issue an appropriate compilation or review report on the current-period financial statements and, if the auditor's report on the prior period financial statements is not reissued, the report on the current period should include as a separate paragraph an appropriate description of the responsibility assumed for the financial statements of the prior period. The separate paragraph should indicate (a) that the financial statements of the prior period were audited previously, (b) the date of the previous report, (c) the type of opinion expressed previously, (d) if the opinion was other than unmodified, the substantive reasons therefor, and (e) that no auditing procedures were performed after the date of the previous report. See exhibit A and exhibit B for examples of compilation and review reports, respectively, when the prior year financial statements were audited. [Paragraph renumbered by the issuance of SSARS No. 12, July 2005. As amended, effective for compilations and reviews of financial statements for periods ending after December 15, 2008, by SSARS No. 17. Revised, December 2010, to reflect the presentation style and conforming changes necessary due to the issuance of SSARS No. 19. Revised, December 2012, to reflect conforming changes necessary due to the issuance of SAS Nos. 122–126.]

## Reporting on Financial Statements That Previously Did Not Omit Substantially All Disclosures

**.30** An accountant who has compiled, reviewed, or audited financial statements that did not omit substantially all of the disclosures required by an applicable financial reporting framework may subsequently be requested to compile statements for the same period that do omit substantially all of those disclosures when they are to be presented in comparative financial statements. In these circumstances the accountant may report on comparative compiled financial statements that omit such disclosures if he or she includes in his or her report an additional paragraph indicating the nature of the previous service rendered with respect to those financial statements and the date of his or her previous report. [Paragraph renumbered by the issuance of SSARS No. 12, July 2005. Revised, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]

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<sup>[11]</sup> [Footnote deleted, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]

<sup>[12]</sup> [Footnote deleted, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]

**.31** See exhibit A for an example of a report appropriate when prior-period financial statements that omit substantially all disclosures have been compiled from previously reviewed financial statements for the same period. [As amended, effective for periods ending after December 15, 1993, by SSARS No. 7. Paragraph renumbered by the issuance of SSARS No. 12, July 2005. Revised, December 2010, to reflect the presentation style and conforming changes necessary due to the issuance of SSARS No. 19.]

**[.32–.33]** [Paragraphs deleted, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]<sup>[13–14]</sup>

## **Transition**

**[.34–.36]** [Paragraphs deleted to reflect conforming changes necessary due to the issuance of SSARS No. 8. Paragraphs renumbered by the issuance of SSARS No. 12, July 2005.]

## **Effective Date**

**.37** This section will be effective for reports on comparative financial statements for periods ending on or after November 30, 1979. However, earlier application is encouraged for periods ending on or after July 1, 1979. [Paragraph renumbered by the issuance of SSARS No. 12, July 2005.]

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<sup>[13–14]</sup> [Footnotes deleted, December 2010, to reflect conforming changes necessary due to the issuance of SSARS No. 19.]



## Exhibit A

### Illustrative Compilation Reports on Comparative Financial Statements

#### Compilation Report on Comparative Financial Statements When a Compilation Has Been Performed for Both Periods

##### Accountant's Compilation Report

*[Appropriate Salutation]*

I (we) have compiled the accompanying balance sheets of XYZ Company as of December 31, 20X2 and 20X1, and the related statements of income, 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 (owners) is (are) 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.

*[Signature of accounting firm or accountant, as appropriate]*

*[Date]*

#### Compilation Report When the Financial Statements of the Current Year Have Been Compiled and Those of The Prior Year Have Been Reviewed

##### Accountant's Compilation Report<sup>1</sup>

*[Appropriate Salutation]*

I (we) have compiled the accompanying balance sheet of XYZ Company 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 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 (owners) is (are) responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles

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<sup>1</sup> Alternatively, an accountant may use a title that does not describe the level of service such as "Accountant's Report" or "Report of Certified Public Accountants" because the report refers to different levels of service.

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.

The accompanying 20X1 financial statements 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 financial 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 31, 20X2, but I (we) have not performed any procedures in connection with that review engagement since that date.

*[Signature of accounting firm or accountant, as appropriate]*

*[Date]*

**Compilation Report on Comparative Financial Statements When the Accountant's Report Includes a Changed Reference to a Departure From Accounting Principles Generally Accepted in the United States of America**

**Accountant's Compilation Report**

*[Appropriate Salutation]*

I (we) have compiled the accompanying balance sheets of XYZ Company as of December 31, 20X2 and 20X1, and the related statements of income, 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 (owners) is (are) 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, 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.

*[Signature of accounting firm or accountant, as appropriate]*

*[Date]*

**Compilation Report on Comparative Financial Statements When the Prior Period Financial Statements Were Compiled By a Predecessor Accountant and the Predecessor's Report Is Not Presented****Accountant's Compilation Report**

*[Appropriate Salutation]*

I (we) have compiled the accompanying balance sheet of XYZ Company 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 of XYZ Company as of December 31, 20X1, 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 (owners) is (are) 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 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.

*[Signature of accounting firm or accountant, as appropriate]*

*[Date]*

**Compilation Report on Comparative Financial Statements When the Predecessor Accountant's Report Is Not Presented, and the Successor Accountant Is Engaged to Compile the Restatement Adjustment(s)****Accountant's Compilation Report**

*[Appropriate Salutation]*

I (we) have compiled the accompanying balance sheet of XYZ Company 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 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 (owners) is (are) 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.

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.

*[Signature of accounting firm or accountant, as appropriate]*

*[Date]*

### **Compilation Report on Comparative Financial Statements When the Prior Period Financial Statements Were Audited**

#### **Accountant's Compilation Report<sup>2</sup>**

*[Appropriate Salutation]*

I (we) have compiled the accompanying balance sheet of XYZ Company 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.

Management (owners) is (are) 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.

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, but I (we) (they) have not performed any auditing procedures since that date.

*[Signature of accounting firm or accountant, as appropriate]*

*[Date]*

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<sup>2</sup> Alternatively, an accountant may use a title that does not describe the level of service such as "Accountant's Report" or "Report of Certified Public Accountants" because the report refers to different levels of service.

**Compilation Report on Comparative Financial Statements When Prior Period Financial Statements That Omit Substantially All Disclosures Have Been Compiled From Previously Reviewed Financial Statements of the Same Period**

**Accountant's Compilation Report**

*[Appropriate Salutation]*

I (we) have compiled the accompanying balance sheets of XYZ Company as of December 31, 20X2 and 20X1, and the related statements of income, 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 (owners) is (are) 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, the 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 reviewed as indicated in my (our) report dated March 1, 20X2.

*[Signature of accounting firm or accountant, as appropriate]*

*[Date]*

[Paragraph added, December 2010, to reflect presentation style and conforming changes necessary due to the issuance of SSARS No. 19. Revised, December 2012, to reflect conforming changes necessary due to the issuance of SAS Nos. 122–126.]

## Exhibit B

### Illustrative Review Reports on Comparative Financial Statements

#### Review Report on Comparative Financial Statements When a Review Has Been Performed for Both Periods

##### Independent Accountant's Review Report

*[Appropriate Salutation]*

I (We) have reviewed the accompanying balance sheets of XYZ Company as of December 31, 20X2 and 20X1, 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 (owners') financial data and making inquiries of company management (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.

Management (owners) is (are) 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 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.

*[Signature of accounting firm or accountant, as appropriate]*

*[Date]*

#### Review Report on Comparative Financial Statements When the Financial Statements of the Current Period Have Been Reviewed and Those of The Prior Period Have Been Compiled

##### Independent Accountant's Review Report<sup>1</sup>

*[Appropriate Salutation]*

I (We) have reviewed the accompanying balance sheet of XYZ Company 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 (owners') financial data and making

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<sup>1</sup> Alternatively, an accountant may use a title that does not describe the level of service such as "Accountant's Report" or "Report of Certified Public Accountants" because the report refers to different levels of service.

inquiries of company management (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.

Management (owners) is (are) 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 our report.

Based on my (our) reviews, 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 the financial statements are in accordance with accounting principles generally accepted in the United States of America.

*[Signature of accounting firm or accountant, as appropriate]*

*[Date]*

**Review Report on Comparative Financial Statements When the Accountant's Report Includes a Changed Reference to a Departure From Accounting Principles Generally Accepted in the United States Of America**

**Independent Accountant's Review Report**

*[Appropriate Salutation]*

I (We) have reviewed the accompanying balance sheets of XYZ Company as of December 31, 20X2 and 20X1, 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 (owners') financial data and making inquiries of company management (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.

Management (owners) is (are) 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 per-

form 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 our report.

In my (our) report dated March 1, 20X2, with respect to the 20X1 financial statements, 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.

*[Signature of accounting firm or accountant, as appropriate]*

*[Date]*

**Review Report on Comparative Financial Statements When the Prior Period Financial Statements Were Reviewed by a Predecessor Accountant, and the Predecessor's Report Is Not Presented**

**Independent Accountant's Review Report**

*[Appropriate Salutation]*

I (We) have reviewed the accompanying balance sheet of XYZ Company 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 (owners') financial data and making inquiries of company management (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. The financial statements of XYZ Company as of December 31, 20X1, were reviewed by other accountants whose report dated February 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 (owners) is (are) 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 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.

*[Signature of accounting firm or accountant, as appropriate]*

*[Date]*

**Review Report on Comparative Financial Statements When the Predecessor Accountant's Report Is Not Presented, and the Successor Accountant Is Engaged to Review the Restatement Adjustments**

**Independent Accountant's Review Report**

*[Appropriate Salutation]*

I (We) have reviewed the accompanying balance sheet of XYZ Company 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 (owners') financial data and making inquiries of company management (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. The financial statements of XYZ Company as of December 31, 20X1 prior to adjustment were reviewed by other accountants whose report dated February 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 (owners) is (are) 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 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) 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.

*[Signature of accounting firm or accountant, as appropriate]*

*[Date]*

**Review Report on Comparative Financial Statements When the Prior Period Financial Statements Were Audited**

**Independent Accountant's Review Report<sup>2</sup>**

*[Appropriate Salutation]*

I (We) have reviewed the accompanying balance sheet of XYZ Company 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 (owners') financial data and making inquiries of company management (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.

Management (owners) is (are) 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 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 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, but I (we) (they) have not performed any auditing procedures since that date.

[Paragraph added, December 2010, to reflect presentation style and conforming changes necessary due to the issuance of SSARS No. 19. Revised, December 2012, to reflect conforming changes necessary due to the issuance of SAS Nos. 122–126.]

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<sup>2</sup> Alternatively, an accountant may use a title that does not describe the level of service such as "Accountant's Report" or "Report of Certified Public Accountants" because the report refers to different levels of service.