### 1. Reporting When There Are Significant Departures From the Applicable Financial Reporting Framework

**.01 Question**—When the financial statements include significant departures from the applicable financial reporting framework, may the accountant modify his or her standard report in accordance with paragraphs .34–.36 of section 90, *Review of Financial Statements*, to include a statement that the financial statements are not in conformity with the applicable financial reporting framework?

**.02 Interpretation**—No. Including such a statement in the accountant's review report would be tantamount to expressing an adverse opinion on the financial statements as a whole. Such an opinion can be expressed only in the context of an audit engagement. Furthermore, such a statement in a review report would confuse users because it would contradict the results of engagement as required by paragraph .28(f) of section 90.

**.03** However, paragraph .33 of section 90 states that an accountant may emphasize, in any report on financial statements, a matter disclosed in the financial statements. The accountant may wish, therefore, to emphasize the limitations of the financial statements in a separate paragraph of his or her review report, depending on his or her assessment of the possible dollar magnitude of the effects of the departures, the significance of the affected items to the entity, the pervasiveness and overall impact of the misstatements, and whether disclosure has been made of the effects of the departures. Such separate paragraph, which would follow the other modifications of his or her report (see illustrations in Review Exhibit D, "Illustrative Review Reports"), might read as follows (the illustration assumes that the accountant is reporting on Paragraphs .31 and A33 of section 90): Paragraph 1.174

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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.

.04 inclusion of such a separate paragraph in the accountant's review report is not a substitute for disclosure of the specific departures or the effects of such departures when they have been determined by management or are known as a result of the accountant's procedures.

2. reporting on tax returns

.05 question—May an accountant comply with a request from a nonissuer to issue a review report on financial information contained in a tax return, as in Form 1040, U.S. Individual Income Tax Return, or Form 1120, U.S. Corporation Income Tax Return, or in an information return, as in Form 990, Return of Organization Exempt from Income Tax; Form 1065, U.S. Partnership Return of Income; or Form 5500, Return of Employee Benefit Plan?

.06 interpretation—Yes. Although paragraph .01 of section 90 states that the section establishes standards and provides guidance on reviews of financial statements and financial information contained in a tax return is not included in the definition of financial statements, an accountant may decide to accept an engagement to issue a review report on such a return. In that case, the performance and reporting requirements of section 90 would apply.

3. additional procedures performed in a review engagement

.07 question—If an accountant performs procedures customarily performed in an audit but not in a review, is the accountant required to change the engagement to an audit?

.08 interpretation—No. Paragraph .07 of section 90 states that review evidence obtained through the performance of analytical procedures and inquiry will ordinarily provide the accountant with a reasonable basis for obtaining limited
Interpretation

assurance. However, paragraph .07 further states that the accountant should perform additional procedures if the accountant determines such procedures to be necessary to obtain limited assurance that the financial statements are not materially misstated.

.09 The wording of confirmation requests or other communications related to additional procedures performed in the course of a review engagement should not use phrases such as "as part of an audit of the financial statements" (emphasis supplied).

4. Submitting Draft Financial Statements

.10 Question—Accountants frequently submit draft financial statements (a) because information needed to complete a review of the financial statements will not be available until a later date or (b) to provide the client with the opportunity to read and analyze the financial statements prior to their final issuance. Is it permissible for the accountant to submit draft financial statements to management without intending to comply with the reporting provisions of section 90?

.11 Interpretation—No. An accountant is precluded from submitting draft financial statements unless he or she intends to submit those financial statements in final form accompanied by an appropriate review report prescribed by section 90. However, as long as the accountant intends to issue a review report on the financial statements in final form and labels each page of draft financial statements with words such as "Draft," "Preliminary Draft," "Draft—Subject to Changes," or "Working Draft," the accountant is not required to comply with the reporting provisions of section 90 with respect to those draft financial statements. In the rare circumstance in which the accountant intended to but never submitted final financial statements, the accountant may want to document the reasons why he or she was unable to submit financial statements in final form accompanied by an appropriate review report.

5. Reporting When Financial Statements Contain a Departure From Promulgated Accounting Principles That Prevents the Financial Statements From Being Misleading

.12 Question—Rule 203, Accounting Principles (ET sec. 203 par. .01), of the AICPA Code of Professional Conduct states

A member shall not (1) express an opinion or state affirmatively that the financial statements or other financial data of any entity are presented in conformity with generally accepted accounting principles or (2) state that he or she is
not aware of any material modifications that should be made to such statements or data in order for them to be in conformity with generally accepted accounting principles, if such statements or data contain any departure from an accounting principle promulgated by bodies designated by Council to establish such principles that has a material effect on the statements or data taken as a whole. If, however, the statements or data contain such a departure and the member can demonstrate that due to unusual circumstances the financial statements or data would otherwise have been misleading, the member can comply with the rule by describing the departure, its approximate effects, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

Paragraphs .34–.36 of section 90 do not address the Rule 203 circumstances. When the circumstances contemplated by Rule 203 are present, how should the accountant report on the information described in the rule?

1.3 Interpretation—When the circumstances contemplated by Rule 203 are present in a review engagement, the accountant's review report should include, in a separate paragraph or paragraphs, the information required by Rule 203. In such a case, the accountant would not modify the standard review report, except for the addition of the separate paragraph(s) that contains the information required by Rule 203, unless there are other reasons to do so that are not associated with the departure from a promulgated principle.

6. Special-Purpose Financial Statements to Comply With Contractual Agreements or Regulatory Provisions

1.4 Question—An accountant may be asked to review special purpose financial statements prepared to comply with a contractual agreement or regulatory provision that specifies a special basis of presentation. In most circumstances, these financial statements are intended solely for the use of the parties to the agreement, regulatory bodies, or other specified parties. How should the accountant modify the standard review report when reporting on these special purpose financial statements?

1.5 Interpretation—An accountant who is asked to review special-purpose financial statements prepared to comply with a contractual agreement or a regulatory provision that specifies a special basis of presentation may issue a review report on those financial statements in accordance with section 90 as described in this interpretation. This interpretation describes reporting on

a. special-purpose financial statements prepared in compliance with a contractual agreement or regulatory provision that does not constitute a complete presentation of the entity's assets, liabilities, revenues, and expenses, but is

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<td>Paragraph 1.178</td>
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otherwise prepared in conformity with generally accepted accounting principles (GAAP) or an other comprehensive basis of accounting (OCBOA), or

b. a special-purpose financial presentation (may be a complete set of financial statements or a single financial statement) prepared on a basis of accounting prescribed in an agreement that does not result in a presentation in conformity with GAAP or an OCBOA.

Financial Statements Prepared on a Basis of Accounting Prescribed in a Contractual Agreement or Regulatory Provision That Results in an Incomplete Presentation but One That Is Otherwise in Conformity With GAAP or an OCBOA

16 An entity may engage an accountant to review a special-purpose financial statement prepared in compliance with a contractual agreement or regulatory provision that does not constitute a complete presentation of the entity's assets, liabilities, revenues, or expenses, but is otherwise prepared in conformity with GAAP or an OCBOA. For example, a governmental agency may require a statement of gross income and certain expenses of an entity's real estate operation in which income and expenses are measured in conformity with accounting principles generally accepted in the United States of America, but expenses are defined to exclude certain items such as interest, depreciation, and income taxes. Such a statement may also present the excess of gross income over defined expenses. Also, a buy-sell agreement may specify a statement of gross assets and liabilities of the entity measured in conformity with GAAP, but limited to the assets to be sold and liabilities to be transferred pursuant to the agreement.

17 The accountant's report on reviewed special-purpose financial statements prepared in accordance with a basis of accounting prescribed in a contractual agreement or regulatory provision but that is otherwise prepared in conformity with GAAP or an OCBOA should be modified to include a separate paragraph with the following information:

• An explanation of what the financial statement is intended to present and a reference to the note to the special-purpose financial statement that describes the basis of presentation;

• If the basis of presentation is in conformity with GAAP or an OCBOA, a statement that the presentation is not intended to be a complete presentation of the entity's assets, liabilities, revenues, and expenses;
• A separate paragraph at the end of the report stating that the report is intended solely for the information and use of those within the entity, the parties to the contract or agreement, the regulatory agency with which the report is being filed, or those with whom the entity is negotiating directly, and is not intended to be and should not be used by anyone other than these specified parties.

18 The following is an illustrative example of a review report on special purpose financial statements:

I (we) have reviewed the accompanying statement of gross income and direct operating expenses of XYZ Company for the year ended December 31, 20X1. A review includes primarily applying analytical procedures to management (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 statement of gross income and direct operating expenses 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 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 our report.

The accompanying statement was prepared for the purpose of presenting 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 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 specified parties] and is not intended to be and should not be used by anyone other than these specified parties.

**Financial Statements Prepared on a Basis of Accounting Prescribed in an Agreement That Results in a Presentation That Is Not in Conformity With GAAP or an OCBOA**

.19 An entity may engage an accountant to review a special-purpose financial statement prepared in conformity with a basis of accounting that departs from GAAP or an OCBOA. A loan agreement, for example, may require the borrower to prepare consolidated financial statements in which assets, such as inventory, are presented on a basis that is not in conformity with GAAP or an OCBOA. Also, an acquisition agreement may require the financial statements of the entity being acquired (or a segment of it) to be prepared in conformity with GAAP except for certain assets, such as receivables, inventories, and properties for which a valuation basis is specified in the agreement.

.20 Financial statements prepared under a basis of accounting as discussed in the preceding are not considered to be prepared in conformity with an OCBOA because the criteria used to prepare such financial statements do not meet the requirement of "having substantial support," even though the criteria are definite.

.21 The accountant's report on reviewed special-purpose financial statements prepared on a basis of accounting prescribed in an agreement that results in a presentation that is not in conformity with GAAP or an OCBOA should be modified to include a separate paragraph with the following information:

- An explanation of what the presentation is intended to present and a reference to the note to the special-purpose financial statements that describes the basis of presentation.

- A statement that the financial statement is not intended to be a presentation in conformity with GAAP or an OCBOA.
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<td>• A description and the source of significant interpretations, if any, made by the Company’s management relating to the provisions of a relevant agreement.</td>
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<td>• A separate paragraph at the end of the report stating that the report is intended solely for the information and use of those within the entity, the parties to the contract or agreement, the regulatory agency with which the report is being filed, or those with whom the entity is negotiating directly, and is not intended to be and should not be used by anyone other than these specified parties. For example, if the financial statements have been prepared for the specified purpose of obtaining bank financing, the report's use should be restricted to the various banks with whom the entity is negotiating the proposed financing.</td>
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.22 The following is an illustrative example of a review report on special purpose financial statements:

I (we) have reviewed the accompanying special-purpose statement of assets and liabilities of XYZ Company as of December 31, 20X1. A review includes primarily applying analytical procedures to management (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 statement of assets and liabilities 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 statement of assets and liabilities in accordance with Section 4 of a loan agreement between DEF Bank and the Company as discussed in Note A and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the statement of assets and liabilities.

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 assets and liabilities. I (We) believe that the results of my (our) procedures provide a reasonable basis for our report.
The accompanying special-purpose statement of assets and liabilities was prepared for the purpose of complying with Section 4 of a loan agreement between DEF Bank and the Company as discussed in Note A and is 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 statement of assets and liabilities in order for it 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 [specified parties].

7. Reporting on an Uncertainty, Including an Uncertainty About an Entity’s Ability to Continue as a Going Concern

.23 Question—How should an accountant modify the standard review report when, during the performance of review procedures, evidence or information comes to the accountant’s attention that there may be an uncertainty about the entity's ability to continue as a going concern for a reasonable period of time, not to exceed one year beyond the date of the financial statements being compiled or reviewed?

.24 Interpretation—Continuation of an entity as a going concern is assumed in financial reporting in the absence of significant information to the contrary. The accountant should follow the guidance in paragraphs .47–.50 of section 90 with respect to his or her consideration of the entity's ability to continue as a going concern during the performance of review procedures.

.25 If the accountant concludes that management’s disclosure of the uncertainty regarding the entity's ability to continue as a going concern is adequate but further decides to include an emphasis-of-matter paragraph with respect to the uncertainty in the accountant's review report, he or she may use the following language:

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.
**Question**—If the accountant, while performing a review, becomes aware of a material uncertainty other than a going concern uncertainty (for example, an uncertainty regarding pending or threatened litigation), what should the accountant consider in deciding whether a report modification is necessary?

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<td>Paragraphs .52-53 of section 90 provide the requirements with respect to the accountant’s consideration of the inclusion of an EOM paragraph. Paragraph A92 includes “an uncertainty relating to the future outcome of unusually important litigation or regulatory action” as an example of a circumstance in which the accountant may consider it necessary to</td>
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<td><strong>.27 Interpretation</strong>—If the accountant determines that the disclosure of the uncertainty is not in accordance with the applicable financial reporting framework, he or she should follow the guidance in paragraphs .34–.36 of section 90.</td>
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<td>include an EOM. Paragraphs .56-.60 of section 90</td>
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<td><strong>.28 If the accountant concludes that management’s disclosure of the uncertainty is in accordance with the applicable financial reporting framework but further decides to include an emphasis-of-matter paragraph with respect to the uncertainty in the accountant's review report, he or she may use the following language (the following is assuming that the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America):</strong></td>
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<td>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 FASB ASC 450.</td>
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**.29 Question**—The International Accounting Standards Board (IASB) has been designated by the Council of the AICPA as the body to establish international financial reporting standards for both private and public entities pursuant to Rule 202, Compliance With Standards (ET sec. 202 par. .01), and Rule 203 of the AICPA Code of Professional Conduct as of May 18, 2008. As a result, how would an accountant apply the reporting guidance in section 90 when engaged to review financial statements presented in accordance with International Financial Reporting Standards (IFRSs) as issued by the IASB?

**.30 Interpretation**—A report illustration of how an accountant would apply the reporting guidance in section 90 when reporting on financial statements presented in accordance with IFRSs is as follows:

**Independent Accountant’s Review Report**

[Appropriate Salutation]
I (We) have reviewed the accompanying statements of financial position of XYZ Company as of December 31, 20X2 and 20X1, and the related statements of comprehensive income, changes in equity, 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 International Financial Reporting Standards as issued by the International Accounting Standards Board 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 International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

**31 Question**—Unlike accounting principles generally accepted in the United States of America as issued by the Financial Accounting Standards Board (FASB), IFRSs require an entity to disclose comparative information in respect of the previous comparative period for all amounts presented in the current year's financial statements. When the accountant reviews financial statements that omit prior year information, should such omission be disclosed in the accountant's review report as a departure from IFRSs as issued by the IASB in accordance with paragraphs .34–.36 of section 90?
### Interpretation

#### .32 Interpretation
Yes. Because IFRSs require an entity to disclose comparative information in respect of the previous comparative period for all amounts presented in the current year's financial statements, the failure to include such information in financial statements would be a departure from generally accepted accounting principles. An example of a paragraph that may be added to the accountant's review report is as follows:

Comparative information with respect to the year ended December 31, 20XX-1 has not been presented. International Financial Reporting Standards [or IFRSs for SMEs] as issued by the International Accounting Standards Board require an entity to disclose comparative information in respect of the previous comparative period for all amounts presented in the current year's financial statements.


#### .33 Question
An accountant may be engaged to review financial statements that have been prepared in conformity with a financial reporting framework generally accepted in another country (including financial statements prepared in accordance with a jurisdictional variation of IFRSs such that the entity's financial statements do not contain an explicit and unreserved statement of compliance with IFRSs as issued by the IASB). How should an accountant apply the reporting requirements in section 90 when reporting on those financial statements?

#### .34 Interpretation
If the financial statements are intended for use only outside of the United States of America, the accountant may report using the standard form of U.S. review report modified as appropriate to identify the applicable financial reporting framework; or alternatively, the accountant may report using the standard review report form and content of the other country. (See Interpretation No. 10 with respect to Considerations Related to Reviews Performed in Accordance with International Standard on Review Engagements [ISRE] 2400 (Revised), Engagements to Review Historical Financial Statements).

#### .35 The standard review report used in another country, even when it appears similar to that used in the United States of America, may convey a different meaning and entail a different responsibility on the part of the accountant due to custom or culture. Issuing a standard review report of another country may require an understanding of local laws. When issuing the accountant's standard review report of another country, the accountant is required to obtain an understanding of
applicable legal responsibilities, in addition to the review standards and accounting principles generally accepted in the other country, as indicated in paragraph .13 of section 90. Therefore, depending on the nature and extent of the accountant's knowledge and experience, the accountant may wish to consult with persons having expertise in the reporting practices of the other country and associated legal responsibilities to obtain the understanding needed to issue that country's standard review report.

.36 If the accountant's report is intended for use in the United States of America, the reporting requirements described in paragraphs .27–.32 of section 90 would apply. Additionally, paragraph .38 of section 90 states that a need for restriction on the use of the report may result from a number of circumstances, including, but not limited to, the purpose of the report and the potential for the report to be misunderstood when taken out of context in which it was intended to be used. Because of the nature of the basis of presentation of the financial statements, there is a presumption that the report would be misunderstood or taken out of context in which it was intended to be used. In such instances, the accountant may use the following form of report:

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 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 [the financial reporting framework generally accepted in another country, including identification of the nationality of the framework] and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.
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<td>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 [the financial reporting framework generally accepted in another country, including identification of the nationality of the framework].</td>
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<td>This report is intended solely for the information and the use of [specified parties] and is not intended to be and should not be used by anyone other than the specified parties.</td>
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<td>.37 When the financial statements will be used both outside of the United States of America as well as in the United States of America, nothing precludes the accountant from issuing two reports—a report to be used only outside of the United States of America and another report to be used in the United States of America.</td>
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<td><strong>10. Considerations Related to Reviews Performed in Accordance with International Standard on Review Engagements 2400 (Revised), Engagements to Review Historical Financial Statements, Issued by the International Auditing and Assurance Standards Board</strong></td>
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<td>.38 <strong>Question</strong>—May a U.S. accountant perform a review of historical financial statements of a U.S entity(^1) in accordance with ISRE 2400 (Revised), Engagements to Review Historical Financial Statements, issued by the International Auditing and Assurance Standards Board? The financial statements may have been prepared in accordance with IFRS or accounting principles generally accepted in the United States of America.</td>
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\(^1\) A *U.S. entity* is an entity that is either organized or domiciled in the United States of America.
Interpretation — An accountant performing a review of historical financial statements of a U.S. entity is required to follow the review standards as promulgated by the AICPA's Accounting and Review Services Committee. However, those standards do not prohibit an accountant from indicating that the review also was conducted in accordance with another set of review standards. In an engagement to review the historical financial statements in accordance with ISRE 2400, the accountant may perform the review in accordance with Statements on Standards for Accounting and Review Services (SSARSs) as well as ISRE 2400. Such a review report may read as follows:

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 (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 International Financial Reporting Standards as issued by the International Accounting Standards Board 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 and in accordance with International Standard on Review Engagements (ISRE 2400) issued by the International Auditing and Assurance Standards Board. 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 or International Financial Reporting Standards as issued by the International Accounting Standards Board.
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40 If the report is for use only outside of the United States of America, the accountant is still required to apply SSARSs, except for requirements related to report form and content.

11. Required Supplementary Information That Accompanies Reviewed Financial Statements

41 Question—Paragraph .60 of section 90 addresses situations when the basic financial statements are accompanied by information presented for supplementary analysis purposes. Certain information presented for supplementary analysis purposes may be required by a body designated by the AICPA Council to establish GAAP pursuant to Rule 202 and Rule 203 (hereinafter referred to as "required supplementary information"). Examples of required supplementary information that may accompany reviewed financial statements include the following:

- With respect to common interest realty associations, estimates of current or future costs of major repairs and replacements of common property that will be required in the future as required by FASB Accounting Standards Codification 972-235-50-3

- Management's discussion and analysis and budgetary comparison statements as required by Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments

Is the accountant required to apply procedures to required supplementary information that accompanies reviewed financial statements?

42 Interpretation—No. SSARSs do not require the accountant to apply procedures to any information presented for supplementary analysis purposes, including required supplementary information.

43 Question—Paragraph .60 of section 90 states that when the basic financial statements are accompanied by information presented for supplementary analysis purposes, the accountant should indicate the degree of responsibility, if any, he or she is taking with respect to such information. How may an accountant modify the accountant's review report to refer to the required supplementary information and explain the circumstances regarding its presentation?
Interpretation—The accountant may modify the accountant's review report by including a separate paragraph that refers to the required supplementary information and explains the circumstances regarding its presentation. That separate paragraph would be presented after the paragraph that reports the results of the engagement and may read as follows:

The Required Supplementary Information Is Included

[Identify the applicable financial reporting framework (for example, accounting principles generally accepted in the United States of America)] require that [identify the required supplementary information] on page XX be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by [identify the designated accounting standard setter] 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, accordingly, I (we) do not express an opinion or provide any assurance on it.

All Required Supplementary Information Omitted

Management has omitted [describe the missing required supplementary information] that [identify the applicable financial reporting framework (for example, 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 [identify the designated accounting standard setter] 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.

Some Required Supplementary Information Is Omitted and Some Is Presented in Accordance With the Prescribed Guidelines Regarding the Required Supplementary Information

[Identify the applicable financial reporting framework (for example, accounting principles generally accepted in the United States of America)] require that [identify the included supplementary information] be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by
[identify designated accounting standard setter] who considers it to be an essential part of financial reporting 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, accordingly, I (we) do not express an opinion or provide any assurance on it.

Management has omitted [describe the missing required supplementary information] that [identify the applicable financial reporting framework] 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 [identify designated accounting standard setter] who considers it to be an essential part of financial reporting 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.