Table of Contents

TAB 1: SSARS Intro & Update S-1

 SSARS INTRODUCTION S-1

Introduction S-1

SSARS No. 21 comprised four sections S-1

Basic Preparation Requirements S-2

Basic Compilation Requirements S-2

Basic Review Requirements S-2

SSARS S-3

Financial Statements in an Accountant’s Report S-7

The General Principles of Practice in AR-C Section 60 S-9

SSARS Reporting Rules Do Not Apply To S-11

Financial Statement Disclosure Rules S-11

Financial Statement Presentation Methods S-12

Case Study #1-QuickBooks and Preparations S-14

Case Study #2 QuickBooks and Compilations S-16

Case Study #3 -How Closely Involved Can We Be with the Client? S-17

SSARS UPDATE S-18

SSARS NO. 26 – The Most Recent SSARS Pronouncement S-18

Background for SSARS 26 S-18

Chart: WHAT’S COMING AND WHAT ‘S GOING AWAY S-19

Chart: Summary of QM Standards S-20

Why Quality Control is so Important for any Attestation Engagements S-23

Overall Responsibility for Managing Quality on SSARSs Engagements S-24

Engagement Resources S-25

When do These Requirements Commence? S-25

Changes Made by SSARS NO. 26 TO AR-C 60 OF SSARS NO. 21 S-26

Changes Made to AR-C 60-Quality Management of SSARS Engagement S-27

Compliance With Relevant Ethical Requirements S-30

Monitoring and Remediation S-32 Acceptance and Continuance of Client Relationships and Engagements S-32

SSARS NO. 26 Amendments to AR-C 70 – Prep of Fin.Statements S-33

SSARS NO. 26 AMENDMENTS TO AR-C 80 – Comp. Engagements S-34

SSARS 25 S-36 SSARS 24 S-36

SSARS 23 S-38

SSARS 22 S-40

Compilation & Review Alert Additional Items of Note S-40

Recent Technical Practice Aids S-41

TAB 2: Preparations and Engagement Letters P-1

Preparation of Financial Statements AR-C 70 P-1

SUMMARY P-1

Independence Is Not Required For an Engagement P-1

SSARS Preparation Rules Do Not Apply To: P-2

DEFINITIONS P-3

SUMMARY REQUIREMENTS FOR A PREPARATION P-4

ENGAGEMENT LETTER REQUIREMENTS P-5

PREPARING THE FINANCIAL STATEMENTS P-6

Engagement Letters and Examples P-9

6-Step Short Form Checklist for Prepared Financial Statements P-12

 Accountants Preparation Engagement Letters P-13

Annual GAAP, Comparative No-disclosure “Preparation” -Engagement Letter P-13

Annual TAX, Comparative No-disclosure “Preparation” Engagement Letter P-15

TAB 3: Compilations, Engagement Letters and Reports C-1

Compilations C-1

Summary of the SSARS 21 Changes C-1

Introduction-Current Through SSARS 25 March 1, 2023 C-1

COMPARISON OF REPORTING OPTIONS and REQUIREMENTS C-2

Before the Rules: How Do You Begin a Compilation C-3

Client Acceptance/Retention/Data Sheet C-5

Client Service Review C-6

Client Historical Summary C-7

New Accounting Client Addendum C-8

New Client Acceptance/Existing Client Retention Decision C-8

New Client Memo & Independence Verification C-9

Annual Client Information Needed Short Form C-10

The Definitions C-11

REQUIREMENTS FOR A COMPILATION C-14

The Accountant’s Compilation Report-9 Minimum Requirements C-20

MODIFICATIONS to the STANDARD REPORT C-22

Example Acceptable Financial Statement Titles From AR-C 80.A30 C-22

First Paragraph for Tax Basis Compilations C-24

First Paragraph for Small- and Medium-Sized Entities Compilations C-24

Required Additional Paragraphs C-24

Full Disclosure Tax Basis Compilations C-24

NO Disclosure Tax Basis Compilations C-25

Full Disclosure Cash Basis Compilations C-25

NO Disclosure Cash Basis Compilations C-25

Full Disclosure Small- and Medium-Sized Entities Compilations C-25

NO Disclosure Small- and Medium-Sized Entities Compilations C-25

No Disclosure GAAP Compilations C-28

No Disclosure GAAP Comps that also omit statement of cash flows C-28

No Disclosure Tax Basis Compilations C-28

No Disclosure Cash Basis Compilations C-28

Footnote Disclosure Rules and Compilations C-29

Changes in Equity Reporting Requirements C-29

Land at FMV (GAAP statements) C-31

Estimated Inventory (GAAP statements) C-31

Land at FMV (Tax statements C-31 Supplemental Information C-32

Required Supplemental Information C-35

Documentation C-36

Summary of Documentation Requirements for Compilations and Reviews C-39

Subsequent events C-40

Subsequent Discovery of Facts Existing at Date of Report C-40

Reporting on the highest level of service C-42

Compiled Pro-Forma Financial Information C-42

Client Problems & Liability in Compilations C-47

Example Client Firing Letter C-48

Authorization to Release Information to New Accountant C-49 Authorization to Release Information to New Accountant C-50

Request for Workpapers from New Client C-50

Reporting by LLC’s C-51

Compilation Reporting Checklist-Annual Tax Basis, No Disclosures C-52

Compilation Reporting Checklist-Monthly Tax Basis, No Disclosures C-53

Compilation Engagement Letters C-55

Annual GAAP Basis, Comparative, Full disclosure “COMPILATION” C-55

Annual Tax Basis, Comparative, No-disclosure “COMPILATION” C-58

Annual Tax Basis, Comparative, No-disclosure “COMPILATION” C-61

Monthly & Year to date, Tax Basis, Comparative, No-disclosure C-64

Annual GAAP Basis, PRO-FORMA “COMPILATION” C-67

Compilation Reports C-70

General Reporting Rules C-70

General Reporting Guidelines C-76

Going Concern Issues C-77

Emphasis of Matter C-77

SSARS 21 GAAP Compilation Reports C-79

Full Disclosure- One <Period> Presented C-79

Full Disclosure -Two <Periods> Presented C-80

No Disclosures but with Cash Flow- Two <Periods> Presented C-81

 SSARS 21 GAAP Compilation Reports C-82

 No Cash Flow-Two <PERIODS> Presented C-82

No disclosures or Cash Flow Two <PERIODS> Presented C-83

No Disclosures/Cash Flow-Not Independent 2 <Periods> C-84

Departure from GAAP-Land at FMV-Two <PERIODS> Presented C-85

No Disclosures or Cash Flow GAAP Departure not Quantifiable C-86

Supplemental Information Included Two <PERIODs> Presented C-87

SSARS 21 Small and Medium-Sized Entities Compilation Report C-88

Full Disclosure (Addressee Not Required) Two <PERIODs> C-88

No Disclosures or Cash Flows Two <PERIODs> Presented C-89

SSARS 21 Tax Basis Compilation Report C-90

Full Disclosure One <PERIOD> Presented C-90

Full Disclosure Two <PERIODS> Presented C-91

No Disclosures Two <PERIODS> Presented C-92

No Separate Stmt of Changes in Stockholders’ Equity-Tax Basis C-93

Voluntary Cash Flow Statement Presented Two <PERIODS> C-94

No Disclosures/Separate Stmt of Changes in Retained Earnings C-95

No Disclosures/Separate Stmt of Changes in Retained Earnings C-96

NON-Compiled Supplemental Information Included C-97

No Separate Stmt of Changes in Stockholders’ Equity-Tax Basis C-98

Departure from SPF-Land at FMV C-99

Departure from SPF-Physical Inventory Not Taken C-100

Departure from OCBOA-Sec 179 on Tax Return Not on Financials C-101

No Separate Statement of Changes in Members’ Equity-Tax Basis C-102

No Separate Stmt of Changes in Stockholders’ Equity-Cash Basis C-103

SSARS 22 Compiled PRO-FORMA Financial Information Report C-104

TAB 4: SSARS 25, Reviews, Engagement Letters and Reports R-1

SSARS 25 R-1

STATEMENT ON ACCOUNTING AND REVIEW STANDARD 25 R-1

SSARS No. 25 amends SSARS No. 21 R-1

Effective Date R-2

Major Provisions of SSARS 25 R-2

Materiality R-5

Determining Materiality R-5

EXAMPLE: TOTAL REVENUE R-8

DETERMINING PERFORMANCE MATERIALITY R-9

Table 1-Benchmark is Total Assets or Total Revenue R-12

Table 2- Other Benchmarks and Illustrative Percentages R-12

 Reviews R-14

Current through SSARS 25 as of April 1, 2023 R-14

Introduction R-14

Financial Statement Preparation, Comp, Review, & Audit Engagements R-15

Before the Rules: How Do You Begin a Review R-17

Before we go Further-The Definitions R-17

The 10 REQUIREMENTS FOR A REVIEW R-21

Performance of Reviews-Overview R-23

Detailed analysis of Performance Rules R-25

Our Responsibilities R-27

Your Responsibilities R-28

Our Report R-29

Other Relevant Information R-29

Analytical Procedures (ARP) R-31

Information Sources for ARP R-33

10 Suggested Steps of Analytical Review Procedures R-35

FIVE STEP APPROACH TO ANALYTICAL REVIEW PROCEDURES R-35

Ratio Analysis Summary R-38

Inquiry R-39

Reading the Financial Statements R-41

Reconciling the Financial Statements to the Underlying Records R-41

Management Representation Letter R-42

Reporting R-44

SSARS 25 Standard GAAP Review Report at AR-C. A147 R-47

MODIFICATIONS to the STANDARD REPORT R-48

Example Acceptable Financial Statement Titles From AR-C 90.A126 R-49

Comparative Financial Statements R-50

“Emphasis of Matter” and “Other Matter” Paragraphs R-50

Departures from the Applicable Financial Reporting Framework R-52

Going Concern R-53

Example Going Concern Paragraph When Adequately Disclosed R-54

Subsequent Events R-54

Reference to Other Accountants R-55

Supplementary Information Accompanying Reviewed Statements R-55

Change in Engagement from Audit to Review R-57

Restricted Use Reports R-57

Example Restriction Paragraph R-57

Required Documentation for a Review R-58

Review Procedures Final Checklist R-60

Appendix-Financial Statement Analysis R-61

Financial Statement Analysis Tools R-61

Common Sizing-How is it Performed and What Does it Mean? R-65

Common Size Statements R-65

Balance Sheet R-66

Income Statement R-67

Ratio Analysis Computation & Interpretation R-68

Regression Analysis – The Altman Z Score R-71

Review Engagement and Mgmt. Letters R-73

Reviewed GAAP One Year Financial Statement Engagement Letter R-73

Reviewed GAAP Comparative Years Financial Stmt Engagement Letter R-78 Reviewed TAX Comparative Years Financial Stmt Engagement Letter R-83

Ex: Engagement Letter-Standard Agreed-Upon Procedures Engagement R-88

Management Representation Letter for a Review Engagement R-90

ACCOUNTANTS REVIEW REPORTS R-93

Illustration 1 R-93

Illustration 2 R-95

Illustration 3 R-96

Illustration 4 R-97

Illustration 5 R-98

Illustration 6 R-99

Illustration 7 R-101

TAB 5: Quality Control and Peer Review Q-1

CHANGES TO QUALITY CONTROL ARE COMING Q-1

Summary & Highlights of Statement on Quality Control Standards No. 8 Q-2

AN ANALYSIS AND EXPLANATION OF SQCS No. 8 Q-3

SYSTEM OF QUALITY CONTROL DOCUMENT FOR A SOLE PRACTITIONER Q-10

Quality Control Policies/Procedures Leadership Responsibilities Q-10

RELEVANT ETHICAL REQUIREMENTS Q-11

Acceptance/Continuance of Client Relationships & Specific Engagements Q-13

HUMAN RESOURCES Q-15

ENGAGEMENT PERFORMANCE Q-17

MONITORING Q-22

AICPA Noted Most Prevalent Peer Review Quality Control Deficiencies Q-24

TYPES OF PEER REVIEWS Q-25