Table of Contents

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 Questions*

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