PEER REVIEW OVERSIGHT COMMITTEE
MATTERS FOR FURTHER CONSIDERATION*

Reporting:

R1 - Each page of the financial statements does not include a reference to the accountant’s compilation report.

R1-1 – The accountant’s compilation report does not contain a title as required by SSARS No. 19.

R2 - The compilation was performed by the firm, however, the accountant’s compilation report was signed as an individual.

R2-1 – The accountant’s compilation report submitted was not signed on either engagement. An accountant’s report should not be provided to a third party without the firm’s signature or typed firm name.

R3 - The engagement questionnaire indicated that you are not independent with respect to the entity. This lack of independence should be included in the accountant’s compilation report.

R4 - The financial statement titles in the accountant’s compilation report did not agree with those used on the face of the financial statements.

R5 - The accountant’s compilation report did not make reference to all periods presented in the income statement/statement of revenue and expenses. (expand and describe)

R6 – The accountant’s compilation report and financial statements do not make reference to the current period on the income statement.

R7 - The financial statements omit substantially all disclosures. The accountant’s compilation report did not disclose this omission as required by professional standards.

R8 - The financial statements omitted substantially all disclosures, however the accountant’s compilation report did not comply with SSARS due to the omission of the following sentence from the last paragraph: “Accordingly, these financial statements are not designed for those who are not informed about such matters.”

R9 - The accountant’s compilation report makes an incorrect reference to the “statement of cash flows”. This statement is not required for income tax basis/cash basis financial statements and should not be included in the omission paragraph of the accountant’s compilation report.

R10 – A statement of cash flows is required to be included in GAAP financial statements. There was no cash flow statement included in the financial statements, and this GAAP departure was not reported in the accountant’s compilation report.

* MFC List is not inclusive

12/30/2016
R11 - The supplementary information presented in the financial statements was not referenced in the accountant’s compilation report.

R12 - While the accountant’s compilation report does reference that supplementary information is accompanying the basic financial statements, it does not describe the degree of responsibility, if any, the accountant is taking with respect to supplementary information accompanying the basic financial statements.

R13 – The accountant’s compilation report makes reference to supplementary information; however, no supplementary information is attached to the basic financial statements.

R14 - There is no indication, either on the face of the financial statements or in the accountant’s compilation report, that the financial statements were prepared on an Other Comprehensive Basis of Accounting as is indicated on the engagement questionnaire.

R15 – The financial statements were prepared using an other comprehensive basis of accounting (OCBOA). However, the third paragraph of the accountant’s compilation report, which describes the omission of substantially all disclosures, uses terminology such as financial position and results of operations. These terms are only applicable to financial statements prepared in accordance with generally accepted accounting principles (GAAP).

R16 – The accountant’s compilation report did not include revisions required under SSARS No. 19, which is effective for all financial statements with periods ending on or after December 15, 2010.

R17 – The accountant’s compilation report did not include revisions required under SSARS No. 21, which is effective for all financial statements with periods ending on or after December 15, 2015.

Presentation:

P1 - It is unclear what period is covered by the income statement/statement of revenue and expenses because it is dated “as of …” instead of “for the month/year ended…”

P2 - The financial statements used titles that are only appropriate for financial statements prepared in accordance with generally accepted accounting principles (GAAP). Financial statements prepared under an “Other Comprehensive Basis of Accounting” should use modified titles.

P3 - No provision for income taxes was presented in the financial statements or reported as a departure from GAAP on the accountant’s compilation report.

P4 – No deferred taxes were presented on the financial statements, or reported as a departure from GAAP on the accountant's compilation report.

* MFC List is not inclusive
P5 – No accounts receivable or accounts payable were presented on the balance sheet, which would normally be the case for a financial statement prepared in accordance with GAAP.

P6 - The “bank overdraft” was not properly presented as a current liability.

P7 - There are notes payable classified as long-term debt with no corresponding current portion of long-term debt listed under current liabilities.

P8 – There are notes payable classified as current liabilities with no corresponding long-term portion

P9 - The statement of cash flows presented __________ as an operating/investing/financing activity when it should have been presented as an operating/investing/financing/non-cash activity.

P10 – The release of temporarily restricted net assets is shown as an expense rather than being shown separately from expenses in the Statement of Activities.

Scope:

S1 – The independence standards require an accountant to document his/her understanding with a client regarding other non-attest services provided in the form of an engagement letter or other form of documentation. Per the engagement questionnaire submitted to the Committee, the firm represented that this documentation had not been obtained.

S2 – An engagement letter or other form of written communication was not obtained as required under SSARS No. 19, which is effective for all financial statements with periods ending on or after December 15, 2010.

Management Use Only Financial Statement:

O1 - The firm did not comply with professional standards regarding management use only financial statement by not documenting an understanding of services to be performed with the client and issuing an engagement letter to them prior to performing the engagement. Without the engagement letter, the engagement is a compilation subject to professional standards and requires an accountant’s compilation report.

O2 – The financial statements do not contain the required reference of “Restricted for Management’s Use Only” or “Solely for the information and use by the Management of XXX Company and not intended to be and should not be used by any other party.”

O3 – Although there was an Engagement Letter for the financial statements, it did not include the appropriate verbiage required by professional standards for a management use only financial statement.