

## APPENDIX 8D-1

### Compilation—Standard Report on Cash Basis Financial Statements

#### (INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—cash basis 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 the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting 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 compilation 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.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is based on SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. As discussed in section 812, the financial statements should include a summary of significant accounting policies that includes a description of the OCBOA and a description of the differences between the OCBOA and GAAP. (It is not necessary to quantify the differences.) If the basis of accounting is not disclosed in the financial statements, the accountant may want to add language to the report as discussed in section 811. The basis of accounting may be referred to as “modified cash basis.” See discussion of modifications having substantial support in section 803.
3. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
4. Normally, all reports are addressed to management, as many small entities do not have boards of directors and/or stockholders. Management may, or may not, include the owners of the entity.
5. The terms *balance sheet*, *income statement*, etc., should not be used to describe statements prepared on an other comprehensive basis of accounting. See section 805 for other examples of statement titles.
6. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the company in the first paragraph of the report.
7. The report should be dated as of the completion of the accountant's work [SSARS No. 19 (AR 80.17g)]. Section 604 discusses dating the accountant's report.

8. Financial statements prepared on an OCBOA should have all notes necessary for adequate disclosure. See sections 811 and 812 for considering the adequacy of disclosure. See Appendix 8D-3 if notes are omitted.
9. Each financial statement should have a reference to the accountant's compilation report on each page [SSARS No. 19 (AR 80.18)]. See discussion in section 504.
10. Statements prepared on an OCBOA do not require a statement of cash flows to be presented. See section 806.
11. This report is appropriate if a combined statement of revenues, expenses, and retained earnings—cash basis is presented. If the statement of retained earnings (or statement of changes in stockholders' equity) is presented separately, the first paragraph would be modified as follows:

I (We) have compiled the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of revenues and expenses—cash basis and retained earnings (changes in stockholders' equity)—cash basis 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 the cash basis of accounting.

**APPENDIX 8D-2****Compilation—Cash Basis, Lack of Independence**

## ACCOUNTANT'S COMPILATION REPORT

To Management  
 XYZ Company  
 City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—cash basis 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 the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting 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 compilation 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 am (We are) not independent with respect to XYZ Company.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is based on SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. Only a compilation report can be issued (not a review) when the accountant is not independent [SSARS No. 19 (AR 90.02)].
3. SSARS No. 19 (AR 80.21) allows the accountant to disclose a description about the reason(s) that his or her independence is impaired. If the accountant chooses to disclose such a description, the accountant should ensure that all of the reasons for not being independent are included in the description. There is no prescribed language for the optional disclosure. Depending on the facts and circumstances of the engagement, the length and wording of the disclosure may vary significantly. See the discussion of the optional disclosure at section 606. An example of the last paragraph is:

We are not independent with respect to XYZ Company as of and for the year ended December 31, 20XX, because the spouse of a partner in our firm is employed by XYZ Company.

4. See interpretations under the Independence Rule of the AICPA's *Code of Professional Conduct* at ET 1.200.001 (formerly ET 101). (See the discussion of the revised Code in section 211.)
5. See also the Notes at Appendix 8D-1.

## APPENDIX 8D-3

### Compilation—Cash Basis, Substantially All Disclosures Omitted

#### (INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—cash basis 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 the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting 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 compilation 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 ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

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Firm's Signature

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Report Date

#### Notes:

1. Authority—The report illustrated above is based on SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. Selected notes to the financial statements, if presented, should be labeled as follows [SSARS No. 19 (AR 80.20)]:

XYZ COMPANY  
SELECTED INFORMATION—Substantially All Disclosures Required by the Cash Basis of  
Accounting Are Not Included  
December 31, 20XX

See section 511.

4. SSARS No. 19 (AR 80.20) states that the accountant may compile financial statements that omit substantially all disclosures provided the omission is not, to his or her knowledge, undertaken to mislead a user of the

financial statements. If the accountant knows or suspects that the disclosures have been omitted with the intention to mislead, the authors recommend that the accountant consider whether to require disclosure or withdraw from the engagement.

5. See also the Notes at Appendix 8D-1, including Note 2, which discusses optional language that may be used when the basis of accounting is not disclosed in the financial statements (see also section 811).

**APPENDIX 8D-4****Compilation—Cash Basis, Departure from the Cash Basis (Accrual of Certain Revenues), Impact of the Departure *Is Determined*****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—cash basis 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 the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting 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 compilation 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. During my (our) compilation, I (we) did become aware of a departure from the cash basis of accounting that is described in the following paragraph.

As disclosed in Note C to the financial statements, under the cash basis of accounting, revenues are not accrued. Management has informed me (us) that the Company accrued certain revenues totalling \$50,000. If the revenues were not accrued, receivables of \$50,000 would not be recorded and stockholders' equity would be decreased by \$32,000 as of December 31, 20XX, and net income would be decreased by \$32,000 for the year then ended.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
3. If the accountant believes that modification of his standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, he should withdraw from the compilation engagement and provide no further services with respect to those financial statements. The accountant may wish to consult with his legal counsel in these circumstances [SSARS No. 19 (AR 80.29)].
4. The accountant should also be aware of the optional paragraph that may be included when there are pervasive departures. See Note 3 at Appendix 8D-5.
5. See also the Notes at Appendix 8D-1.

**Appendix 8D-4**

## APPENDIX 8D-5

### **Compilation—Cash Basis, Departure from the Cash Basis (Land Recorded at Appraised Value), Impact of the Departure *Not Determined***

#### (INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—cash basis 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 the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting 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 compilation 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. During my (our) compilation, I (we) did become aware of a departure from the cash basis of accounting that is described in the following paragraph.

As disclosed in Note C to the financial statements, the capitalization of property, plant, and equipment and the recording of depreciation over the estimated useful lives of such assets is a generally accepted modification of the cash basis of accounting. Management has informed me (us), however, that the Company has stated land at appraised value in the accompanying financial statements, which is not considered a generally accepted modification of the cash basis of accounting. The effect of this departure on the financial statements has not been determined.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. See the Notes at Appendixes 8D-1 and 8D-4.
3. The following paragraph is optional according to Interpretation No. 1 of AR 80 (AR 9080.01-.04). (See section 610 for additional reporting guidance.)

Because the significance and pervasiveness of the matter previously discussed makes it difficult to assess its 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 assets, liabilities, equity, revenues, and expenses if they had access to revised financial statements prepared in conformity with accepted modifications of the cash basis of accounting.

**APPENDIX 8D-6****Compilation—Cash Basis Statement of Assets, Liabilities, and Equity Only****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX. I (We) have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

My (Our) responsibility is to conduct the compilation 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 statement.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. The presentation of a single financial statement also requires appropriate note disclosures.
3. See also the Notes at Appendixes 6A-7 and 8D-1.

**APPENDIX 8D-7****Compilation—Cash Basis, Supplementary Information Compiled****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management  
 XYZ Company  
 City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—cash basis for the year 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 the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting 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 compilation 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 supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. I (We) have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of paragraph 3.41 of the AICPA CAR Guide and AR 80.53.
2. Each schedule of supplementary information should be headed such as the following:
 

XYZ COMPANY  
 SCHEDULE OF COST OF SALES—CASH BASIS  
 Year Ended December 31, 20XX
3. A reference to the accountant's compilation report should be made on each page of the financial statements and the supplementary schedules such as—
 

See accountant's report.
4. See Appendix 6A-11, Note 5, for an alternative approach to reporting on compiled supplementary information.
5. See also the Notes at Appendix 8D-1.

**APPENDIX 8D-8****Compilation—Cash Basis Statement of Revenues and Expenses and Retained Earnings Only****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of revenues, expenses, and retained earnings—cash basis of XYZ Company (a corporation) for the year ended December 31, 20XX. I (We) have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

My (Our) responsibility is to conduct the compilation 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 statement.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. The presentation of a single financial statement also requires appropriate note disclosures.
3. The example illustrated above is a report on an entity's results of operations. However, the term *income statement* should not be used for OCBOA statements. Rather, a term such as "statement of revenues, expenses, retained earnings—cash basis" should be used. See section 805 for a discussion of appropriate titles.
4. See also the Notes at Appendix 8D-1.

**APPENDIX 8D-9****Compilation—Statement of Cash Receipts and Disbursements Only****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management  
 XYZ Company  
 City, State

I (We) have compiled the accompanying statement of cash receipts and disbursements of XYZ Company (a corporation) for the year ended December 31, 20XX. I (We) have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with the cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

My (Our) responsibility is to conduct the compilation 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 statement.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. As discussed in section 811, if notes are omitted, the accountant may choose to add the following phrase describing the OCBOA to the last sentence of the first paragraph of this report:

which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The following paragraph also would be added to the report:

Management has elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the Company's cash receipts and disbursements. Accordingly, the financial statement is not designed for those who are not informed about such matters.

3. See also Notes 2, 3, 4, 5, 7, and 8 at Appendix 6A-1.

**APPENDIX 8E-1****Compilation—Standard Report on Tax Basis Financial Statements****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management  
 XYZ Company  
 City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—income tax basis 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 the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting 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 compilation 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.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. As discussed in section 812, the financial statements should include a summary of significant accounting policies that includes a description of the OCBOA and a description of the differences between the OCBOA and GAAP. (It is not necessary to quantify the differences.) If the basis of accounting is not disclosed in the financial statements, the accountant may choose to add language to the report as discussed in section 811.
3. SSARS No. 19 (AR 80.17a) states that the accountant's report should have a title. If the accountant is independent, then that fact may be indicated in the title.
4. Normally, all reports are addressed to management, as many small entities do not have boards of directors and/or stockholders. Management may, or may not, include the owners of the entity.
5. The terms *balance sheet*, *income statement*, etc., should not be used to describe statements prepared on an other comprehensive basis of accounting. See section 805 for other examples of statement titles.
6. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the company in the first paragraph of the report.
7. The report should be dated as of the completion of the accountant's work [SSARS No. 19 (AR 80.17g)]. Section 604 discusses dating the accountant's report.

8. Financial statements prepared on an OCBOA should have all notes necessary for adequate disclosure. See sections 811 and 812 for considering the adequacy of disclosure. See Appendix 8E-3 if notes are omitted.
9. Each financial statement should have a reference to the accountant's compilation report on each page [SSARS No. 19 (AR 80.18)]. See discussion in section 504.
10. Statements prepared on an OCBOA do not require that a statement of cash flows be presented. See section 806.
11. This report is appropriate if a combined statement of revenues, expenses, and retained earnings—income tax basis is presented. If the statement of retained earnings (or statement of changes in stockholders' equity) is presented separately, the first paragraph would be modified as follows:

I (We) have compiled the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of revenues and expenses—income tax basis and retained earnings (changes in stockholders' equity)—income tax basis 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 the income tax basis of accounting.

## APPENDIX 8E-2

### Compilation—Tax Basis, Lack of Independence

#### ACCOUNTANT'S COMPILATION REPORT

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—income tax basis 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 the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting 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 compilation 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 am (We are) not independent with respect to XYZ Company.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is based on SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. Only a compilation report can be issued (not a review) when the accountant is not independent [SSARS No. 19 (AR 90.02)].
3. SSARS No. 19 (AR 80.21) allows the accountant to disclose a description about the reason(s) that his or her independence is impaired, if the accountant so desires. If the accountant chooses to disclose such a description, the accountant should ensure that *all* of the reasons for not being independent are included in the description. There is no prescribed language for the optional disclosure. Depending on the facts and circumstances of the engagement, the length and wording of the disclosure may vary significantly. See the discussion of the optional disclosure at section 606. An example of the last paragraph is:

We are not independent with respect to XYZ Company as of and for the year ended December 31, 20XX, because the spouse of a partner in our firm is employed by XYZ Company.

4. See interpretations under the Independence Rule of the AICPA's *Code of Professional Conduct* at ET 1.200.001 (formerly ET 101). (See the discussion of the revised Code in section 211.)
5. See also the Notes at Appendix 8E-1.

**APPENDIX 8E-3****Compilation—Tax Basis, Substantially All Disclosures Omitted****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—income tax basis 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 the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting 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 compilation 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 ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is based on SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. Selected notes to the financial statements, if presented, should be labeled as follows [SSARS No. 19 (AR 80.20)]:

XYZ COMPANY  
SELECTED INFORMATION—Substantially All Disclosures Required by the Income Tax Basis of  
Accounting Are Not Included  
December 31, 20XX

See section 511.

3. SSARS No. 19 (AR 80.20) states that the accountant may compile financial statements that omit substantially all disclosures provided the omission is not, to his or her knowledge, undertaken to mislead a user of the financial statements. If the accountant knows or suspects that the disclosures have been omitted with the intention to mislead, the authors recommend that the accountant consider whether to require disclosure or withdraw from the engagement.
4. See also the Notes at Appendix 8E-1, including Note 2, which discusses optional language that may be used when the basis of accounting is not disclosed in the financial statements (see also section 811).

**APPENDIX 8E-4****Compilation—Tax Basis Statement of Assets, Liabilities, and Equity Only****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX. I (We) have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the income tax basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

My (Our) responsibility is to conduct the compilation 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 statement.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. The presentation of a single financial statement also requires appropriate note disclosures.
3. See also the Notes at Appendixes 6A-7 and 8E-1.

**APPENDIX 8E-5****Compilation—Tax Basis, Supplementary Information Compiled****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—income tax basis 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 the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting 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 compilation 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 supplementary information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been compiled from information that is the representation of management. I (We) have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of paragraph 3.41 of the AICPA CAR Guide and AR 80.53.
2. Each schedule of supplementary information should be headed such as the following:  

XYZ COMPANY  
SCHEDULE I—ANALYSIS OF COST OF SALES—INCOME TAX BASIS  
Year Ended December 31, 20XX
3. A reference to the accountant's report should be made on each page of the supplementary schedules such as—  

See accountant's report.
4. See the notes to Appendix 6A-11 for an alternative approach to reporting on compiled supplementary information.
5. See also the Notes at Appendix 8E-1.

**Appendix 8E-5**

## APPENDIX 8E-6

### **Compilation—Tax Basis, Interim Financial Statements, Substantially All Disclosures Omitted, Departure from the Tax Basis (Omission of Depreciation Expense), Impact of the Departure *Not Determined***

#### (INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of July 31, 20XX, and the related statement of revenues, expenses, and retained earnings—income tax basis for the seven months 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 the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting 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 compilation 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. During my (our) compilation, I (we) did become aware of a departure from the income tax basis of accounting that is described in the following paragraph.

The income tax basis of accounting requires that depreciable property purchased after January 1, 1987, be depreciated in accordance with modified accelerated cost recovery rules. Management has informed me (us) that depreciation on additions to plant and equipment during the interim period ended July 31, 20XX, has not been computed in accordance with the modified accelerated cost recovery rules. The effect of this departure on the financial statements has not been determined.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. The following paragraph is optional according to Interpretation No. 1 of AR 80 (AR 9080.01-.04). (See section 610 for additional reporting guidance.)

Because the significance and pervasiveness of the matter previously discussed makes it difficult to assess its 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 assets, liabilities,

equity, revenues, and expenses if they had access to revised financial statements prepared in conformity with the income tax basis of accounting.

3. If the accountant believes that modification of the standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, he should withdraw from the compilation engagement and provide no further services with respect to those financial statements. The accountant may wish to consult with his legal counsel in these circumstances [SSARS No. 19 (AR 80.29)].
4. See also the Notes at Appendixes 8E-1 and 8E-3. Section 811 discusses optional language that may be used when the basis of accounting is not disclosed in the financial statements.

**APPENDIX 8E-7****Compilation—Tax Basis, Substantially All Disclosures Omitted, Departure from the Tax Basis (Omission of Income Tax Provision), Impact of Departure *Not Determined*****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management  
 XYZ Company  
 City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—income tax basis 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 the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting 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 compilation 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. During my (our) compilation, I (we) did become aware of a departure from the income tax basis of accounting that is described in the following paragraph.

The income tax basis of accounting requires that the Company record a federal income tax provision. Management has informed me (us) that the Company has not recorded such a provision. The effect of this departure on the financial statements has not been determined.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. See also the Notes at Appendixes 8E-1, 8E-3, and 8E-6. Section 811 discusses optional language that may be used when the basis of accounting is not disclosed in the financial statements.

**APPENDIX 8E-8****Compilation—Tax Basis, Substantially All Disclosures Omitted, Departure from the Tax Basis (Accounts Receivable and Accounts Payable Not Recorded), Impact of Departure *Not Determined*****(INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT**

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—income tax basis 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 the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting 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 compilation 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. During my (our) compilation, I (we) did become aware of a departure from the income tax basis of accounting that is described in the following paragraph.

The income tax basis of accounting requires that the Company record accounts receivable and accounts payable. Management has informed me (us) that the Company has not recorded accounts receivable and accounts payable in accordance with the income tax basis of accounting. The effects of these departures on the financial statements have not been determined.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Compilation Exhibit B (AR 80.64).
2. See also the Notes at Appendixes 8E-1, 8E-3, and 8E-6. Section 811 discusses optional language that may be used when the basis of accounting is not disclosed in the financial statements.

## APPENDIX 8E-9

### **Compilation—Comparative Income Tax Basis Month and Year-to-date Financial Statements, Substantially All Disclosures Omitted, Departure from the Tax Basis (Omission of Depreciation Expense), Impact of the Departure *Not Determined***

#### (INDEPENDENT) ACCOUNTANT'S COMPILATION REPORT

To Management  
XYZ Company  
City, State

I (We) have compiled the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company as of September 30, 20XX, and the related statements of revenues, expenses, and retained earnings—income tax basis for the one month and nine months 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 the income tax basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting 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. During my (our) compilation, I (we) did become aware of a departure from the income tax basis of accounting that is described in the following paragraph.

The income tax basis of accounting requires depreciation expense to be recorded. Management has informed me (us) that the statements do not reflect the Company's depreciation expense for the one month and nine months ended September 30, 20XX. The effect of this departure on the financial statements has not been determined.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the income tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues, and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Compilation Exhibit B (AR 80.64) and SSARS No. 2, Exhibit A (AR 200.38).
2. See also the Notes at Appendixes 8E-1, 8E-3, and 8E-6. Section 811 discusses optional language that may be used when the basis of accounting is not disclosed in the financial statements.

## APPENDIX 8F-1

### Review—Standard Report on Cash Basis Financial Statements

#### INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management  
XYZ Company  
City, State

I (We) have reviewed the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—cash basis for the year then ended. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of company management. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting 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 my (our) report.

Based on my (our) review, 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 cash basis of accounting, as described in Note A.

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Firm’s Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is based on SSARS No. 19, Review Exhibit D (AR 90.73).
2. Normally, all reports are addressed to management, as many small entities do not have boards of directors and/or stockholders. Management may, or may not, include the owners of the entity.
3. The terms *balance sheet*, *income statement*, etc., should not be used to describe statements prepared on an other comprehensive basis of accounting. See section 805 for other examples of statement titles.
4. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the company in the first paragraph of the report.
5. The report should be dated as of the completion of the accountant’s review procedures [SSARS No. 19 (AR 90.28h)]. Section 604 discusses dating the accountant’s report. SSARS No. 19 requires accountants to obtain representation letters in all review engagements. Section 412 discusses representation letters and their dating.
6. Financial statements prepared on an OCBOA should have all notes necessary for adequate disclosure. See sections 811 and 812 for considering the adequacy of disclosure. A review report cannot be issued if disclosures have been omitted.

7. Each financial statement should have a reference to the accountant's review report on each page [SSARS No. 19 (AR 90.29)]. See discussion in section 504.
8. A review report cannot be issued when the accountant is not independent [SSARS No. 19 (AR 90.02)].
9. Statements prepared on an OCBOA do not require a statement of cash flows to be presented. See section 806.
10. This report is appropriate if a combined statement of revenues, expenses, and retained earnings—cash basis is presented. If the statement of retained earnings (or statement of changes in stockholders' equity) is presented separately, the first paragraph would be modified as follows:

I (We) have reviewed the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of revenues and expenses—cash basis and retained earnings (changes in stockholders' equity)—cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. 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.

## APPENDIX 8F-2

### Review—Cash Basis, Departure from the Cash Basis (Accrual of Certain Revenues), Impact of the Departure Is Determined

#### INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management  
XYZ Company  
City, State

I (We) have reviewed the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting 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 my (our) report.

Based on my (our) review, with the exception of the matter described in the following paragraph, 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 cash basis of accounting, as described in Note A.

As disclosed in Note C to the financial statements, under the cash basis of accounting, revenues are not accrued. Management has informed me (us) that the Company accrued certain revenues totaling \$50,000. If the revenues were not accrued, receivables of \$50,000 would not be recorded and stockholders' equity would be decreased by \$32,000 as of December 31, 20XX, and net income would be decreased by \$32,000 for the year then ended.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of paragraph 5.37 of the AICPA CAR Guide and SSARS No. 19, Review Exhibit D (AR 90.73).
2. If the accountant believes that modification of his standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, he should withdraw from the compilation or review engagement and provide no further services with respect to those financial statements. The accountant may wish to consult with his legal counsel in these circumstances [SSARS No. 19 (AR 90.36)].
3. The accountant should also be aware of the optional paragraph that may be included when there are pervasive departures. See the report in Appendix 8D-5.
4. See also the Notes at Appendix 8F-1.

**APPENDIX 8F-3****Review—Cash Basis Statement of Assets, Liabilities, and Equity Only**

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management  
XYZ Company  
City, State

I (We) have reviewed the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, I (we) do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

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 statement. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying statement of assets, liabilities, and equity in order for it to be in conformity with the cash basis of accounting, as described in Note A.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Review Exhibit D (AR 90.73), and Relevant Definitions, *Financial statements* (AR 60.04).
2. The presentation of a single financial statement also requires appropriate note disclosures.
3. See also the Notes at Appendixes 6B-5 and 8F-1.

## APPENDIX 8F-4

### Review—Cash Basis, Supplementary Information Covered by Review Procedures

#### INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management  
XYZ Company  
City, State

I (We) have reviewed the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting 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 my (our) report.

Based on my (our) review, 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 cash basis of accounting, as described in Note A.

My (Our) review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the cash basis of accounting, as described in Note A. The supplementary information included in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I (we) did not become aware of any material modifications that should be made to such information.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of paragraph 5.37 of the AICPA CAR Guide and AR 90.60.
2. Each supplementary schedule should be headed such as the following:

XYZ COMPANY  
SCHEDULE I—ANALYSIS OF COST OF SALES—CASH BASIS  
Year Ended December 31, 20XX

3. A reference to the accountant's review report should be made on the bottom of the financial statements and supplementary information such as—

See accountant's review report.

4. See Appendix 6B-6 for an alternative approach to reporting on reviewed supplementary information. See also the Notes at Appendix 8F-1.

## APPENDIX 8F-5

### Review—Cash Basis, Supplementary Information Not Covered by Review Procedures

#### INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management  
XYZ Company  
City, State

I (We) have reviewed the accompanying statement of assets, liabilities, and equity—cash basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting 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 my (our) report.

Based on my (our) review, 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 cash basis of accounting, as described in Note A.

My (Our) review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the cash basis of accounting, as described in Note A. The supplementary information included in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements but has been compiled on the cash basis of accounting from information that is the representation of management. I (We) have not audited or reviewed the supplementary information and, accordingly, I (we) do not express an opinion or provide any assurance on such supplementary information.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of paragraph 5.37 of the AICPA CAR Guide and AR 90.60.
2. See the Notes at Appendix 8F-1, Notes 2 and 3 at Appendix 8F-4, and Note 5 at Appendix 6B-6.

**APPENDIX 8F-6****Review—Statement of Cash Receipts and Disbursements Only**

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management  
XYZ Company  
City, State

I (We) have reviewed the accompanying statement of cash receipts and disbursements of XYZ Company (a corporation) for the year ended December 31, 20XX. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, I (we) do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

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 statement. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statement in order for it to be in conformity with the cash basis of accounting, as described in Note A.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Review Exhibit D (AR 90.73).
2. The financial statement should disclose the basis of accounting and describe the primary differences from GAAP. In addition, the statement of cash receipts and disbursements should include all other notes necessary for adequate disclosure.
3. The financial statement should be titled using a term that does not imply a financial presentation in conformity with GAAP. The financial statement title used in the review report should reflect the title used within the body of the financial statement.
4. See the Notes at Appendix 8F-1 and Note 2 at Appendix 8F-4.

## APPENDIX 8G-1

### Review—Standard Report on Tax Basis Financial Statements

#### INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To Management  
XYZ Company  
City, State

I (We) have reviewed the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—income tax basis for the year then ended. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of company management. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting 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 my (our) report.

Based on my (our) review, 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 income tax basis of accounting, as described in Note A.

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Firm’s Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is based on SSARS No. 19, Review Exhibit D (AR 90.73).
2. Normally, all reports are addressed to management, as many small entities do not have boards of directors and/or stockholders. Management may, or may not, include the owners of the entity.
3. The terms *balance sheet*, *income statement*, etc., should not be used to describe statements prepared on an other comprehensive basis of accounting. See section 805 for other examples of statement titles.
4. The authors believe that the type of legal entity, if not obvious from the name, should be disclosed parenthetically after the name of the company in the first paragraph of the report.
5. The report should be dated as of the completion of the accountant’s review procedures [SSARS No. 19 (AR 90.28h)]. Section 604 discusses dating the accountant’s report. SSARS No. 19 requires accountants to obtain representation letters in all review engagements. Section 412 discusses representation letters and their dating.
6. Financial statements prepared on an OCBOA should have all notes necessary for adequate disclosure. A review report cannot be issued if disclosures have been omitted. See sections 811 and 812 for considering the adequacy of disclosure.

7. Each financial statement should have a reference to the accountant's review report on each page [SSARS No. 19 (AR 90.29)]. See discussion in section 504.
8. A review report cannot be issued when the accountant is not independent [SSARS No. 19 (AR 90.02)].
9. Statements prepared on an OCBOA do not require a statement of cash flows to be presented. See section 806.
10. This report is appropriate if a combined statement of revenues, expenses, and retained earnings—income tax basis is presented. If the statement of retained earnings (or statement of changes in stockholders' equity) is presented separately, the first paragraph would be modified as follows:

I (We) have reviewed the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statements of revenues and expenses—income tax basis and retained earnings (changes in stockholders' equity)—income tax basis 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.

## APPENDIX 8G-2

### Review—Tax Basis Statement of Assets, Liabilities, and Equity Only

#### INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management  
XYZ Company  
City, State

I (We) have reviewed the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statement as a whole. Accordingly, I (we) do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the income tax basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

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 statement. I (We) believe that the results of my (our) procedures provide a reasonable basis for my (our) report.

Based on my (our) review, I am (we are) not aware of any material modifications that should be made to the accompanying statement of assets, liabilities, and equity in order for it to be in conformity with the income tax basis of accounting, as described in Note A.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Review Exhibit D (AR 90.73) and Relevant Definitions, *Financial statements* (AR 60.04).
2. The presentation of a single financial statement also requires appropriate note disclosures.
3. See also the Notes at Appendixes 6B-5 and 8G-1.

**APPENDIX 8G-3****Review—Tax Basis, Supplementary Information Covered by Review Procedures**

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management  
XYZ Company  
City, State

I (We) have reviewed the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—income tax basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting 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 my (our) report.

Based on my (our) review, 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 income tax basis of accounting, as described in Note A.

My (Our) review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the income tax basis of accounting, as described in Note A. The supplementary information included in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and I (we) did not become aware of any material modifications that should be made to such information.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of paragraph 5.37 of the AICPA CAR Guide and AR 90.60.
2. Each supplementary schedule should be headed such as the following:

XYZ COMPANY  
SCHEDULE I—ANALYSIS OF COST OF SALES—INCOME TAX BASIS  
Year Ended December 31, 20XX

3. A reference to the accountant's review report should be made on each page of the financial statement and the supplementary schedules such as—

See accountant's review report.

4. See Appendix 6B-6 for an alternative approach to reporting on reviewed supplementary information. See also the Notes at Appendix 8G-1.

**APPENDIX 8G-4****Review—Tax Basis, Supplementary Information Not Covered by Review Procedures**

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management  
XYZ Company  
City, State

I (We) have reviewed the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of December 31, 20XX, and the related statement of revenues, expenses, and retained earnings—income tax basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the income tax basis of accounting 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 my (our) report.

Based on my (our) review, 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 income tax basis of accounting, as described in Note A.

My (Our) review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the income tax basis of accounting, as described in Note A. The supplementary information included in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements but has been compiled on the income tax basis of accounting from information that is the representation of management. I (We) have not audited or reviewed the supplementary information and, accordingly, I (we) do not express an opinion or provide any assurance on such supplementary information.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of paragraph 5.37 of the AICPA CAR Guide and AR 90.60.
2. See Appendix 6B-6 for an alternative approach to reporting on reviewed supplementary information.
3. See also the Notes at Appendix 8G-1 and Notes 2 and 3 at Appendix 8G-3.

## APPENDIX 8G-5

### Review—Tax Basis, Interim Financial Statements, Departure from the Tax Basis (Omission of Depreciation Expense), Impact of the Departure *Not Determined*

#### INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To Management  
XYZ Company  
City, State

I (We) have reviewed the accompanying statement of assets, liabilities, and equity—income tax basis of XYZ Company (a corporation) as of July 31, 20XX, and the related statement of revenues, expenses, and retained earnings—income tax basis for the seven months then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. 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 is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting 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 my (our) report.

Based on my (our) review, with the exception of the matter described in the following paragraph, 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 income tax basis of accounting, as described in Note A.

As disclosed in Note C to the financial statements, the income tax basis of accounting requires that depreciable property purchased after January 1, 1987, be depreciated in accordance with modified accelerated cost recovery rules. Management has informed us that depreciation on additions to plant and equipment during the interim period ended July 31, 20XX, has not been computed in accordance with the modified accelerated cost recovery rules. The effect of this departure on the financial statements has not been determined.

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Firm's Signature

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Report Date

**Notes:**

1. Authority—The report illustrated above is an adaptation of SSARS No. 19, Review Exhibit D (AR 90.73).
2. Reviews of interim financial statements are performed following the SSARSs when the conditions listed at AR 90.01 are met. If those conditions are not met, the review is performed in accordance with AU-C 930 and this report would not be used.
3. Notes to the financial statements may disclose that the Company plans to correct the interim departure from OCBOA in its year-end financial statements.
4. The following paragraph is optional according to Interpretation No. 1 of AR 90 (AR 9080.01–.04). (See section 610 for additional reporting guidance.)

Because the significance and pervasiveness of the matter previously discussed makes it difficult to assess its 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 assets, liabilities, equity, revenues, and expenses if they had access to revised financial statements prepared in conformity with the income tax basis of accounting.

5. If the accountant believes that modification of his standard report is not adequate to indicate the deficiencies in the financial statements taken as a whole, he should withdraw from the review engagement and provide no further services with respect to those financial statements. The accountant may wish to consult with his legal counsel in these circumstances [SSARS No. 19 (AR 90.36)].
6. See also the Notes at Appendix 8G-1.