



MEMORANDUM

TO: Review Attorneys and Paralegals

DATE: 5/15/90

FROM: Gary Brown

RE: Form of Certification for Audited Financial Statements

The American Institute of Certified Public Accountants (AICPA) has modified the form of an auditor's standard report on financial statements covering a single year. A copy of the revised AICPA form is attached. Please make sure that the correct form is utilized in certified financial statements contained within offering plans and amendments submitted for filing to this office.

- h. An opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Company as of the balance sheet date and the results of its operations and its cash flows for the period then ended in conformity with generally accepted accounting principles
- i. The manual or printed signature of the auditor's firm
- j. The date⁶ of the audit report

The form of the auditor's standard report on financial statements covering a single year is as follows:

Independent Auditor's Report

We have audited the accompanying balance sheet of X Company as of December 31, 19XX, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of X Company as of [at] December 31, 19XX, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

[Signature]

[Date]

⁶ For guidance on dating the auditor's report, see SAS No. 1, *Dating of the Independent Auditor's Report* (AICPA, *Professional Standards*, vol. 1, AU sec. 530).

The form of the auditor's standard report on financial statements⁷ is as follows:

Independent Auditor's Report

We have audited the accompanying balance sheet of X Company as of December 31, 19X2 and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of X Company as of December 31, 19X2 and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

[Signature]

[Date]

9. The report may be used for purposes other than those intended. A report on the financial statements should be addressed as follows:

⁷ If statements of income, retained earnings, and cash flows are presented on a comparative basis for one or more periods, the phrase "one (or more) of the prior periods" should be changed to "each of the prior periods" for each of the periods presented, such as "for each of the prior periods presented." [Signature]