

ABC SHRINERS
SAMPLE ENGAGEMENT RELATED INFORMATION
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The AICPA's Accounting and Review Services Committee (ARSC) issued Statement on Standards for Accounting and Review Services no. 19, *Compilation and Review Engagements*, in December of 2009. The standard's effective date was for compilations and reviews of financial statements for periods ending on or after December 15, 2010.

The following sample documents were created from information obtained from AR (Accounting & Review) Section 90 of AICPA standards; which conforms with the above SSARS no 19.

SAMPLE REVIEW ENGAGEMENT LETTER

ABC Shriners _____
(Address) _____

(Date) _____

Dear ABC Shriners:

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

We will perform the following services:

We will review the financial statements of ABC Shriners as of and for the year ended December 31, 20XX, and issue an accountant's report thereon in accordance with Statements on Standards for Accounting and Review Services (SSARs) issued by the American Institute of Certified Public Accountants (AICPA).

The objective of a review is to obtain limited assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with *accounting principles generally accepted in the United States of America*.

You are responsible for:

- a. the preparation and fair presentation of the financial statements in accordance with the *accounting principles generally accepted in the United States of America*.
- b. designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.
- c. preventing and detecting fraud.
- d. identifying and ensuring that the entity complies with the laws and regulations applicable to its activities.
- e. making all financial records and related information available to us.
- f. providing us, at the conclusion of the engagement, with a letter that confirms certain representations made during the review.

We are responsible for conducting the engagement in accordance with SSARs issued by the AICPA.

A review includes primarily applying analytical procedures to your 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 a whole. A review does not contemplate obtaining an understanding of the entity's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Accordingly, we will not express an opinion regarding the financial statements as a whole.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts. However, we will inform the appropriate level of management of any material errors and of any evidence or information that comes to our attention during the performance of our review procedures that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our review procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential.

If, for any reason, we are unable to complete the review of your financial statements, we will not issue a report on such statements as a result of this engagement.

(Optional) As part of our engagement, we will prepare the federal tax return Form 990 (and 990-T, if required) of the Organization for the year ended 20XX. We will not prepare any other tax returns unless specifically requested to do so.

We will be pleased to discuss this letter with you at any time. If the foregoing is in accordance with your understanding, please sign the *copy* of this letter in the space provided and return it to us.

Sincerely yours,

(Signature of accountant)

ABC SHRINERS

POTENTATE

DATE

SAMPLE LETTER OF REPRESENTATION FROM MANAGEMENT

(Date of Auditor's Report)

CPA FIRM _____

(Address) _____

Gentlemen:

We are providing this letter in connection with your review of the Statement of Financial Position of ABC Shriners as of December 31, 20X1 and December 31, 20X2, and the related Statements of Activities and Changes in Net Assets and of Cash Flows for the years then ended for the purpose of obtaining limited assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with *accounting principles generally accepted in the United States of America*. We confirm that we are responsible for the fair presentation of the financial statements in accordance with *accounting principles generally accepted in the United States of America* and the selection and application of the accounting policies.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person using the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, (as of [the date of the accountant's review report]) the following representations made to you during your review:

1. The financial statements referred to previously are fairly presented in accordance with *accounting principles generally accepted in the United States of America*.
2. We have made the following available to you:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the Divan, copies of which have been supplied to you, are complete and authentic records of proceedings at all such meetings held between January 1, 20XX and (date of letter).
3. No material transactions exist that have not been properly recorded in the accounting records underlying the financial statements.
4. We acknowledge our responsibility for the preparation and fair presentation of the financial statements in accordance with *accounting principles generally accepted in the United States of America*.
5. We acknowledge our responsibility for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

6. We acknowledge our responsibility to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving management or others where the fraud could have a material effect on the financial statements, including any communications received from employees, former employees, or others.
8. We have no plans or intentions that may materially affect the carrying amounts or classification of assets and liabilities.
9. No material losses exist (such as from obsolete inventory or purchase or sales commitments) that have not been properly accrued or disclosed in the financial statements.
10. None of the following exist:
 - a. Violations or possible violations of laws or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion that must be disclosed in accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 450, Contingencies*.
 - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450.
11. The organization has satisfactory title to all owned assets, and no liens or encumbrances on such assets exist, nor has any asset been pledged as collateral, except as disclosed to you and reported in the financial statements.
12. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
13. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the organization is contingently liable.
 - c. Significant estimates and material concentrations known to management that are required to be disclosed in accordance with FASB ASC 275, *Risks and Uncertainties*.
14. We have complied with Shriners International bylaws and General Order No. 1, including §335.3 of the bylaws of Shriners International regarding fundraising activities. In regards to all fundraising activities that benefited Shriners Hospitals for Children:
 - a. Permission was received from Shriners International and Shriners Hospitals for Children to hold the fundraising activity.
 - b. 100% of the net proceeds from the fundraising event were distributed to Shriners Hospitals for Children, or with written permission, up to 50% to the Shrine Hospital Patient Transportation Fund with the balance to Shriners Hospitals for Children.

- c. All related charitable activity forms have been completed and submitted to Shriners International.
- d. Only permissible expenses have been charged to the activities and no transfers to other funds occurred except for the Shrine Hospital Patient Transportation Fund.
- e. No interest earned on charitable funds was transferred to the temple for non-charitable purposes.

In regards to all fraternal fundraising activities, a statement has appeared on all promotional literature that 100% of the proceeds from the activity will benefit the temple and payment is not deductible as a charitable contribution for income tax purposes.

- 15. We have properly forwarded to Shriners Hospitals for Children all bequests and donations for the benefit of the Hospitals. Any bequests and donations which have been received by the temple that could be possibly construed as being for charitable purposes have been communicated to General Counsel.
- 16. We are in agreement with the adjusting journal entries you have recommended, and they have been posted to the organization's accounts (if applicable).
- 17. To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to our disclosure in the aforementioned financial statements.
- 18. We have responded fully and truthfully to all inquiries made to us by you during your review.

Very truly yours,

Shriners International
ABC Shriners

By _____
Potentate

By _____
Chief Rabban

By _____
Treasurer

By _____
Recorder