

Accounting firms provide three types of Financial Statements. They are Compilations, Reviews and Audits. Below describes each type of report and their use. Please consider the purposes and the audience your report will address. Then selection the best report to meet your needs.

A **compilation** is basically a financial statement prepared by a CPA. The financial statement has no confirmation, limited verification or statistical testing associated with a compiled financial statement. Therefore no opinion is issued.

A compilation means presenting information in the form of financial statements that are the representation of management, without expressing any opinion or assurance regarding them.

Reviewed Financial statements are statements whose components are tested on limited bases for consistency and verified on limited bases. A reviewed financial statement is used for partnerships who may want bank loans to increase business. The reviewed financial statement is the minimum CPA prepared document most banks, lending institutions or government or philanthropic grants require. Most want an audit.

An audit looks at everything. Internal controls, business rules and their consistent application, computer security and access rights, conflicts of interest, policy and procedures including personnel practices in addition to the areas reviewed under a review and the statistical sampling is greater. This is why an audit is more expensive and necessary for larger non-profits, corporations and any company preparing to go public.

I hope this information is helpful.