



Reporting on Not-For-Profits: Review Engagement Modified Conclusions

A common qualification in the Auditors' Report of Not-For-Profit Organizations relates to completeness of fundraising and donation revenue. As identified in our [Clear Cut: Audit Reporting on Not-For-Profits: Qualified Opinions](#) we provided sample wording for this qualification for an Auditors' Report based on the guidance provided in CAS 710 *Comparative Information – Corresponding Figures and Comparative Financial Statements*.

With the issuance CSRE 2400 *Engagements to Review Historical Financial Statements* ("CSRE 2400"), we now have better guidance when the same issue of completeness of fundraising and donation revenue arises in a Review Engagement. The Audit and Assurance Standards Board addressed this reporting issue and provided a sample report in Appendix 3 of CSRE 2400, which we have reproduced on the following page.

As many practitioners will not have historically considered this qualification in the review engagement, and the with expected increase in the provision of review engagement services to the sector given the issuance of the new Societies Act we believe this may be a common reporting deficiency in the coming year.

The illustration presumes that there has been no change in accounting firms, there were no restatements, this is not the first year of adoption of ASNFPPO and the prior year was qualified for the same scope issue. If any of these conditions differed, there would be further changes to the wording. To help guide you through these variations we recommend you refer to a recently issued CPA Canada publication titled [Reporting Implications of CSRE 2400](#) which is available as a free download.

If you have any questions on this sample report or in regards to CSRE 2400, please feel free to contact us at info@clearlineconsulting.ca.

Illustrative Example 8 from Appendix 3 of CSRE 2400

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

[Appropriate Addressee]

We have reviewed the accompanying financial statements of ABC Organization that comprise the statement of financial position as at December 31, 20X1, and the statement of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, ABC Organization derives revenue from fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of ABC Organization. Therefore, we were unable to determine whether any adjustments might have been found necessary with respect to fundraising revenue, excess of revenue over expenses, and cash flows from operations for the years ended December 31, 20X1 and 20X0, current assets as at December 31, 20X1 and 20X0, and net assets as at January 1 and December 31 for both the 20X1 and 20X0 year ends. Our conclusion on the financial statements as at and for the year ended December 31, 20X0 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly, in all material respects, the financial position of ABC Organization as at December 31, 20X1, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

[Include report on other legal and regulatory requirements where required]

[Practitioner's signature]

[Date of the practitioner's report]

[Practitioner's address]