



# BEACON HILL

## FINANCIAL EDUCATORS

51A Middle Street, Newburyport, MA 01950

Phone: 800-588-7039

[contact@bhfe.com](mailto:contact@bhfe.com)   [www.bhfe.com](http://www.bhfe.com)

### Course Information

#### Course Title:

**SSARS No.25-2024**

**# 314024**

*Materiality in a Review of Financial Statements and Adverse Conclusions*

#### Recommended number of continuing education credit hours for this course:

In accordance with the standards of the National Registry of CPE Sponsors, CPE credits have been granted based on a 50-minute hour.

#### CPA: 4 (All states)

National Registry of CPE Sponsors ID Number: 107615.

Sponsor numbers for states requiring sponsor registration:

Florida Division of Certified Public Accountancy: 0004761 (Ethics #0011467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: CPE .51PSR

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

### Course Description

The purpose of this course is to inform the reader of the various changes made to the compilation and review codification by the issuance of SSARS No. 25, *Materiality in a Review of Financial Statements and Adverse Conclusions*, include changes made to AR-C 60- General Principles, AR-C 70- Preparation of Financial Statements, AR-C 80- Compilation Engagements, and AR-C 90- Review of Financial Statements. Topics include expanding use of the disclaimer report in a preparation engagement, changes involving the reporting on the contractual basis of accounting, new requirements to define materiality in a review engagement, expanded inquiries and management representations in a review engagement, the new modified conclusions, guidance on going concern in a review engagement, and more.

The course addresses the three types of engagements that can be performed under the SSARSs: a preparation of financial statements engagement, a compilation engagement, and a review engagement.

### Course Content

Course publication/revision date: 2/8/2024

Author: Steven C. Fustolo, CPA, MBA.

Final Exam (online): twenty multiple-choice questions

**Program Delivery Method:** QAS Self-Study (interactive)

**Subject Codes/Field of Study:** Auditing

**Course Level, Prerequisites, and Advance Preparation Requirements**

Level of knowledge: Overview

Prerequisite: General understanding compilation and review standards

Advance Preparation: None

**Instructions for Taking This Course**

- **Log in to your secure account at [www.bhfe.com](http://www.bhfe.com). Go to "My Account."**
- **You must complete this course within one year** of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- **To retain the course-PDF after completion (for future reference) and to enable enhanced navigation:** From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- **Complete the course by** following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- **Once you have completed studying the course** and you are confident that the learning objectives have been met, answer the final exam questions (online).

**Instructions for Taking the Online Exam**

- **Log in to your secure account at [www.bhfe.com](http://www.bhfe.com). Go to "My Account."**
- A passing grade of at least **70%** is required on the exam for this course.
- You will have three attempts to pass the exam (call or email us after three unsuccessful attempts for instructions).
- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

## Learning Objectives

As a result of studying each assignment, you should be able to meet the objectives listed below for each individual assignment.

After reading the Sections I through V course material, you will be able to:

- Identify engagement types that are (and are not) authorized under the SSARSs
- Recognize a precondition for an accountant to accept a SSARS engagement
- Identify what is required for an accountant to perform a preparation engagement
- Recall whether the preparation of financial statements standard is an attest or nonattest service
- Recognize whether an accountant and a client must sign an engagement letter for a preparation of financial statements engagement under AR-C 70
- Identify whether a report is required in a preparation of financial statements engagement

- Recognize what the reporting requirements are, if any, when a "no assurance" legend is omitted from prepared financial statements under the AR-C 70 standards
- Identify where to disclose GAAP departures in a preparation of financial statements engagement

After reading the Section VI course material, you will be able to:

- Recognize actions an accountant should take under SSARS No. 25 when a compilation is performed on the contractual basis of accounting

After reading the Section VII course material, you will be able to:

- Identify factors that should consider in determining materiality in a review engagement
- Identify the date as of which management representations should be made in a management representation letter for a review engagement
- Recognize a change that SSARS No. 25 makes to the accountant's review report
- Recall language that SSARS No. 25 requires to be included in a review report on the contractual basis of accounting
- Identify the term that GAAP uses for management's assessment of an entity's going concern
- Recognize the reporting requirements for going concern in a review engagement
- Recall some of the items that should be documented in a review engagement

## About the Author

### STEVEN C. FUSTOLO, CPA

Mr. Fustolo is a partner with the Boston CPA firm of James J. Fox & Company and Director of the National Tax Institute, Inc. He is a frequent lecturer and author of numerous tax and accounting issues affecting closely held businesses. An AICPA author, Mr. Fustolo's articles are regularly featured in *The Practical Accountant* and other publications. He is the author of *Practice Issues: Compilation and Review*, *Accounting and Auditing Reference Guide*, *Everything You Never Wanted to Know About GAAP*, *Enron: Fraud, Deception and the Aftermath*, *FASB Review for Industry*, and *FASB, SSARS and SAS Update and Review* and numerous other books and manuals that have been published by Practitioners Publishing Company (PPC) and Commerce Clearing House (CCH). He is the recipient of several Outstanding Discussion Leader awards from many professional organizations including the New York and Florida Societies of CPAs. Mr. Fustolo's course entitled *FASB, SSARS and SAS Update and Review* continues to receive accolades and is regarded as one of the top live CPE programs in the country today with ratings that average 4.91 on a scale of 5.0. He speaks regularly for professional groups including being a guest lecturer at the AICPA Advanced Accounting and Auditing Technical Symposium. Mr. Fustolo is the recipient of the Elijah Watts Sells Award (AICPA) and Silver Medal (Massachusetts) for scores received on the CPA Examination.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the author and sponsor are not engaged in rendering legal, accounting, or other professional services. If legal advice or other expert assistance is required, the services of a competent professional person should be sought- *From a Declaration of Principles jointly adopted by a Committee of the American Bar Association and a Committee of Publishers and Associations.*

*Copyright © 2023 and 2024: Fustolo Publishing LLC All rights reserved, Reno, Nevada*

**SSARS No. 25: Materiality in a Review of  
Financial Statements and Adverse Conclusions- 2024  
[As Amended by SSARS No. 26]**

**Table of Contents**

I. Overview of SSARS No. 25 .....	7
A. Effective Date .....	7
B. Objective .....	7
C. Background .....	7
II. Overview of Changes Made By SSARS No. 25 .....	11
III. AR-C Section 60- <i>General Principles for SSARSs</i> .....	12
IV. SSARS No. 25 Changes to AR-C 60- General Principles .....	13
V. SSARS No. 25 Changes to AR-C 70- Preparation of Financial Statements .....	15
REVIEW QUESTIONS .....	33
SUGGESTED SOLUTIONS .....	35
VI. SSARS No. 25 Changes to AR-C 80- <i>Compilation Engagements</i> .....	38
REVIEW QUESTIONS .....	41
SUGGESTED SOLUTIONS .....	42
VII. SSARS No. 25 Changes to AR-C 90: Review of Financial Statements .....	43
CHANGE 1: New Definitions- Review Engagements .....	44
CHANGE 2: Materiality in a Review Engagement .....	44
CHANGE 3: Inquiries of Management .....	48
CHANGE 4: Miscellaneous Review Procedures .....	52
CHANGE 5: Additional Procedures When the Accountant Becomes Aware That the Financial Statements May Be Materially Misstated .....	54
CHANGE 6: Written Representations in a Review Engagement .....	57
REVIEW QUESTIONS .....	64
SUGGESTED SOLUTIONS .....	65
CHANGE 7: Modifications to Review Engagement Reporting .....	66
CHANGE 8: Going Concern in a Review Engagement .....	80
CHANGE 9: Expanded Documentation in a Review Engagement .....	94
REVIEW QUESTIONS .....	96
SUGGESTED SOLUTIONS .....	98
Index .....	101
Glossary .....	102