**THIS OPINION SHELL MUST BE USED FOR 12-31-21 & SUBSEQUENT FYEs.**

**Example 2: Unmodified Opinion on NFP FASB GAAP with**

**Comparative Financial Statements or Comparative Information**

**FASB ASC 958 (AICPA NFP Guide Chapter 14.09) [[1]](#endnote-1),[[2]](#endnote-2),***[[3]](#endnote-3)*

**INDEPENDENT AUDITOR’S REPORT[[4]](#endnote-4)**

Entity Name

County Name

Street Address

City, Ohio Zip Code

To the Governing Body Type:

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of the Entity Name, County Name, Ohio (the Entity Type), (a not-for-profit corporation), which comprise the statement of financial position as of FYE Date, and Prior FYE Date[[5]](#endnote-5), the related statements of activities, functional expenses[[6]](#endnote-6) and cash flows[[7]](#endnote-7) for the year(s) then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity Type, as of FYE Date and Prior FYE Date[[8]](#endnote-8), and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Entity Type, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Emphasis of Matter [[9]](#endnote-9), [[10]](#endnote-10)***

As discussed in Note Xto the financial statements, during 20XX, the Entity Type adopted new accounting guidance in Financial Accounting Standards Board (FASB) Statement No. XX**, *include name/title of FASB Statement in italics***.  Our opinion is not modified with respect to this matter.

***<< Insert an Other Matter(s) section here, if required. See FN [[11]](#endnote-11). Omit if no “other matters” included. >>***

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity Type’s ability to continue as a going concern for one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued**,** when applicable).

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

* exercise professional judgment and maintain professional skepticism throughout the audit.
* identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
* obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity Type’s internal control. Accordingly, no such opinion is expressed.
* evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
* conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity Type’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

[[12]](#endnote-12)

***<< For presentations with comparative information, insert report on summarized comparative information. See FN [[13]](#endnote-13). Omit if auditee does not present comparative information. >>***

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated Report Date, on our consideration of the Entity Type’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity Type's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity Type’s internal control over financial reporting and compliance.

Auditor Signature

City, State

Report Date

1. This shell is for non-governmental not-for-profit entities that report on a FASB GAAP basis with

comparative financial statements or comparative information. Auditors should use the applicable shell if the auditee reports on a GAAP basis without comparative financial statements or comparative information or if the auditee reports on a OCBOA basis. Additionally, auditors should use the *Opinion GAAP* A01-A17 examples if the auditee is a governmental not for profit.

Organizations are not considered nongovernmental if:

• Officers are elected by popular vote,

• A controlling majority of the organization’s officers are appointed by elected officials

• A government could unilaterally dissolve the organization and retain the remaining net assets

• The organization can levy taxes (this includes being able to enact and enforce the levy)

• The organization can directly issue tax-exempt debt

 [↑](#endnote-ref-1)
2. ***Blue, italicized***text is guidance from CFAE which should be replaced or removed (as necessary)

 when the letter is prepared.

Items highlighted in gray should be replaced with the necessary information. [Instructions](https://ohioauditor.gov/ocs/2021/Instruction%20on%20how%20to%20Fill%20in%20Entity%20Specific%20Parameters%20within%20Word.docx) are available on how to fill in entity specific parameters within this document. [↑](#endnote-ref-2)
3. [↑](#endnote-ref-3)
4. If we are engaged to report Key Audit Matter (KAM), review AU-C 701. [↑](#endnote-ref-4)
5. Remove Prior FYE Date for presentations on comparative information. [↑](#endnote-ref-5)
6. FASB ASC 958 requires all nonprofit organizations to present an analysis of expense by both

nature and function either on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. If the entity’s financial statements include a statement of functional expenses, the report should be adapted by referring to statement of functional expenses. No separate reference is made to the functional expenses in the second paragraph of the opinion because it is part of the presentation of the changes in net assets. [↑](#endnote-ref-6)
7. Each of the statements presented should be identified in the introductory paragraph.

Modify the names of the statements as necessary. [↑](#endnote-ref-7)
8. Remove Prior FYE Date for presentations on comparative information. [↑](#endnote-ref-8)
9. An emphasis of matter section may be included after this section. For instance, at an Association

 Library when there are private moneys that are excluded from the presentation/audit, a disclosure of the matter and an EOM paragraph is appropriate.

Modify this example when a client properly adopts a new FASB pronouncement (including required disclosures and restatements), and it *materially affects* the financial statements or disclosures (see AU-C 708.08).

*Do not include EOM sections for new standards with immaterial financial statement or disclosure effects.*

Modify this example when a client is a component unit of a Primary Government. For example: For example: “As disclosed in note X, the Entity Type is a component unit of a Governmental Entity Name. Our opinion is not modified with respect to this matter.” [↑](#endnote-ref-9)
10. Per AU-C 570.A26 – Illustration 1 the Going Concern *section* is presented immediately after the “Basis for Opinion of the Auditor's Report” section. [↑](#endnote-ref-10)
11. See AU-C 700 for discussion about Other Matters.

 [↑](#endnote-ref-11)
12. If supplementary information is included in the report, refer to the guidance in the *Opinion GAAP A01 Unmodified* file and add the appropriate section. [↑](#endnote-ref-12)
13. When the auditee presents comparative information, we must include a separate section with the

 heading “***Report*** ***on Summarized Comparative Information***”

*When current auditors performed the previous audit:*

Wehave previously audited the Entity Type’s 20XX-1 financial statements, and we expressed an unmodified opinion on those financial statements in our report datedPrior Year Report Date. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 20XX-1 is consistent, in all material respects, with the audited financial statements from which it has been derived. ***<< modify as necessary if other than an unmodified opinion was issued, including the nature of, and the reasons for opinion modifications (see SLG 17.61 footnote 21).***

*Or:*

*When other auditors performed the previous audit:*

The financial statements of the Entity Type as of and for the year ended December 31, 20XX-1 from which the comparative information for December 31, 20XX-1 was derived were audited by a predecessor auditor. An unmodified opinion was issued Prior Year Opinion Date by the predecessor auditor. ***<< modify as necessary if other than an unmodified opinion was issued.***

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 [↑](#endnote-ref-13)