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

**Example 3: Unmodified Opinion on NFP FASB [Modified] Cash Basis (OCBOA) Statements[[1]](#endnote-1),[[2]](#endnote-2)**

**Special Purpose Framework Financial Statement Audits (AU-C 800)**

**FASB ASC 958 (AICPA NFP Guide Chapter 14.09)**

**INDEPENDENT AUDITOR’S REPORT[[3]](#endnote-3)**

Entity Name

County Name

Street Address

City, Ohio Zip Code

To the Governing Body Type:

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

***Opinion[[4]](#endnote-4)***

We have audited the financial statements of the Entity Name, County Name, Ohio3 (the Entity Type), (a not-for-profit corporation), which comprisethe statement of financial position-[modified] cash basis as of FYE Date, and the related statement of activities-[modified] cash basis for the year(s) then ended,4 and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective [modified] cash financial position of the Entity Type, as of FYE Date, and the respective changes in [modified] cash financial position[[5]](#endnote-5) for the year then ended in accordance with the accounting basis described in Note X.

***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 - Accounting Basis***[[6]](#endnote-6)***[[7]](#endnote-7)***

We draw attention to Note X of the financial statements, which describes the basis of accounting. The financial statements are prepared on the [modified] cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***<< Insert an Other Matter(s) section here, if required.[[8]](#endnote-8) Omit if no “other matters” included. >>***

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

Management is responsible for preparation and fair presentation of the financial statements in accordance with the [modified] cash accounting basis described in Note Xand for determining that the [modified] cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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’s ability to continue as a going concern 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 opinions. 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.

***<< If supplementary information is included in the report, refer to FN[[9]](#endnote-9). Omit if no supplementary information is included. >>***

***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

Note: Do not use the “restricted use” paragraph with this opinion.

1. This shell is for non-governmental not for profit entities reporting on a FASB OCBOA (AU-C 800)

Framework with single year presentations. For OCBOA presentations that include comparative information / comparative statements, please refer to the NFP FASB GAAP Comparative for the necessary edits. Auditors should use the applicable GAAP basis shells for non-governmental NFPs if the auditee reports on a GAAP basis. Auditors should use the OCBOA opinion example included in the *Opinion AOS OCBOA basis* file 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. If we are engaged to report Key Audit Matter (KAM), review AU-C 701. [↑](#endnote-ref-3)
4. To avoid cash basis or modified cash basis statements being mistaken for GAAP financial

statements, different titles are used for them. Descriptive titles, such as “Statement of Assets,

Liabilities, and Net Assets—[Modified] Cash Basis” and “Statement of Revenues, Expenses, and

Other Changes in Net Assets—[Modified] Cash Basis,” are often used. [↑](#endnote-ref-4)
5. Auditors should modify the name of the financials statements as applicable. Additionally, since

the objective of the statement of activities is to report changes in net assets rather than to present a measure of operating results, the NFP Audit guide notes in paragraph 14.02 that the auditor’s opinion refers to changes in net assets rather than the results of operations. [↑](#endnote-ref-5)
6. 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: “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-6)
7. 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-7)
8. See AU-C 700 for discussion about Other Matters. [↑](#endnote-ref-8)
9. If supplementary information is included in the report, refer to the guidance in the *Opinion AOS*

*OCBOA basis* file and add the appropriate paragraph. [↑](#endnote-ref-9)