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Disclosure checklists for nonprofit organizations : a financial reporting practice aid, June 1986

American Institute of Certified Public Accountants. Technical Information Division

Harold Edlow

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Disclosure Checklists for Nonprofit Organizations

A FINANCIAL REPORTING PRACTICE AID

Disclosure Checklists for Nonprofit Organizations

A FINANCIAL REPORTING PRACTICE AID

Extracted from the
AICPA Audit and Accounting Manual
Nonauthoritative Technical Practice Aids
(As of June 1986)

Edited by:
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The AICPA Audit and Accounting Manual has not been approved, disapproved, or otherwise acted upon by any senior technical committees of the American Institute of Certified Public Accountants or the Financial Accounting Standards Board and has no official or authoritative status.

American Institute of Certified Public Accountants

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AAM Section 8600

DISCLOSURE CHECKLISTS FOR NONPROFIT ORGANIZATIONS

These checklists are not designed to be applied to the financial statements of colleges, universities, hospitals or governmental units.

The checklists included in this section have been developed by the staff of the Technical Information division of the AICPA as non-authoritative technical practice aids. At the request of certain AICPA members, these checklists are also being made available for purchase by AICPA members subject to their recognition of the following:

- o The checklists are "tools" and in no way represent official positions or pronouncements of the AICPA.
- o The checklists have been updated through SAS No. 49, SSARS No. 5, FASB Statement of Financial Accounting Standards No. 86, FASB Interpretation No. 39, and FASB Technical Bulletin No. 85-4. The checklists should be modified, as appropriate, for subsequent pronouncements. In determining the applicability of a pronouncement, its effective date should also be considered.
- o The checklists should be used by or under the supervision of persons having adequate technical training and proficiency in the application of generally accepted accounting principles, generally accepted auditing standards, and statements on standards for accounting and review services.
- o The checklists do not represent minimum requirements and do not purport to be all-inclusive. The referenced standards should be reviewed if clarification is desired as to whether the disclosures indicated are required or suggested and to what extent each disclosure is relevant to the statements being reviewed.

Users of these checklists are urged to refer directly to applicable authoritative pronouncements when appropriate. If you have further questions, call the AICPA Technical Hotline (see back cover).

John Graves
Director
Technical Information Division

DISCLOSURE CHECKLISTS

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AAM Section 8600

Nonprofit Organizations Disclosure Checklists__General

.01 Many auditors and accountants find it helpful to use checklists as practice aids in the preparation of financial statements and reports. Some firms have developed their own checklists for internal use, and may also have specialized checklists to meet the needs of their practices, such as checklists for clients in particular industries or clients that report to the SEC. Some state CPA societies have developed checklists as practice aids which may be available to other practitioners as well as to their own members. Some commercial publishers also include checklists in certain of their publications. However, authoritative literature does not require the use of such checklists, nor does it prescribe their format or content, which may vary.

.02 Checklists typically consist of a number of brief questions or statements that are accompanied by references to Statements on Auditing Standards, Statements on Standards for Accounting and Review Services, Statements of Financial Accounting Standards, Accounting Principles Board Opinions, and Accounting Research Bulletins. Some checklists also include references to FASB Interpretations. The extent of detail included in checklists varies with the judgment of the preparers on how extensively to refer to and highlight authoritative literature without developing a checklist that is too long and unwieldy. Accordingly, checklists may serve as convenient memory aids but cannot be used as a substitute for direct reference to the authoritative literature.

.03 Checklists usually provide for checking off or initialling each question or point to show that it has been considered. The format used in these sections is a typical one; it provides for "yes," "no," and "not applicable" answers and presumes that remarks would be prepared on separate cross-referenced memorandums. Some preparers, however, prefer to include space for remarks in the body of the checklist while others prefer alternative checklist formats. For example, a checklist format may provide for the following set of answers: "not applicable," "not material," "in statements" and "in note" (with provisions for indicating a cross reference to the specific statement caption or note). Another format may provide for only two answers, "disclosed" and "not applicable." Firms and practitioners who develop their own checklists should adopt formats that suit their needs and preferences.

.04 Disclosure checklists are generally accompanied by caveats that include all of the following points:

- o Use of the checklists requires the exercise of individual professional judgment and may likely require some modification based on the circumstances of individual engagements.
- o The checklists are not all inclusive and are not intended to present minimum requirements.
- o Users need to modify the checklists for any pronouncements issued subsequent to those mentioned in the checklist.

If widespread circulation is expected, the preparers also generally stress the nonauthoritative or unofficial status of the checklists and disclaim responsibility for the way they may be used.

AAM Section 8610

Nonprofit Organizations Auditors' Reports Checklist

.01 This checklist has been developed by the staff of the Technical Information division of the AICPA as a nonauthoritative practice aid. Accordingly, the notice on page 8601 is incorporated herein by reference.

.02 Explanation of references:

- SAS = Statement on Auditing Standards
 (AU) = Reference to section number in
AICPA Professional Standards
 (vol. 1) of SAS cited
- SSARS = Statement on Standards for Ac-
 counting and Review Services
 (AR) = Reference to section number in
AICPA Professional Standards
 (vol. 2) of SSARS cited
- ACNO = AICPA Audit and Accounting Guide, Audits
 of Certain Nonprofit Organizations

.03 Checklist Questionnaire

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Does the auditor's report include appropriate:			
a. Addressee? [SAS 2, par. 8 (AU 509.08)]	---	---	---
b. Date (or dual dates) of the report? [SAS 1, sec. 530 (AU 530); SAS 15, par. 2 (AU 505.02); SAS 26, pars. 15-17 (AU 504.15-.17)]	---	---	---
2. If the auditor is not independent, has the appropriate disclaimer been expressed regardless of the extent of services provided? [SAS 1, sec. 220 (AU 220)]	---	---	---
3. Does the reporting language conform with the auditor's standard report on:			
a. Financial statements of a single year or period? [SAS 2, par. 7 (AU 509.07)]	---	---	---
b. Comparative financial statements? [SAS 15, par. 3 (AU 505.03)][SAS 15, footnote 5]	---	---	---

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. Does the report include appropriate language in respect of the following:			
a. Report on only one basic financial statement and there are no scope limitations? [SAS 2, par. 13 (AU 509.13)]	---	---	---
b. Report on comparative statements of support, revenue and expenses and changes in fund balances without presentation of the comparative balance sheets for the prior years ended? [SAS 15, footnote 5 and par. 3 (AU 505.02-505.03)]	---	---	---
c. Part of examination was made by other independent auditors and the principal auditor is indicating a division of responsibility for the examination in his report? [SAS 1, sec. 543 (AU 543); SAS 2, par. 14 (AU 509.14)]	---	---	---
d. Departure from a promulgated accounting principle when conformity would result in a misleading presentation? [SAS 2, pars. 18-19 (AU 509.18-.19)]	---	---	---
e. Report of a predecessor auditor for prior year has not been included with current comparative financial statements? [SAS 7 (AU 315); SAS 15, pars. 8-12 (AU 505.08-.12)]	---	---	---
f. Updating of a previously issued opinion? [SAS 15, pars. 2 & 6-7 (AU 505.02 & 505.06-.07)]	---	---	---
g. Comparative financial statements with differing opinions? [SAS 15, par. 5 (AU 505.05)]	---	---	---

Nonprofit Organizations Auditors' Reports Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
h. Audited and unaudited financial statements in comparative form? [SAS 26, pars. 14-17 (AU 504.14-.17)]	---	---	---
i. Decision to emphasize a matter? [SAS 2, pars. 9 and 27 (AU 509.09 and 509.27)]	---	---	---
j. If the audit report will be used to satisfy the requirements of a Federal grant agreement or if the audit is reporting on the receipt or disbursement of Federal funds, does the accountants' report include a scope reference to the publication <u>Standards for Audit of Governmental Organizations, Programs, Activities, and Functions</u> issued by the Comptroller General of the United States? (Chapter V of this publication)	---	---	---
5. Has a qualified opinion or disclaimer of opinion been expressed if:			
a. Scope limitations precluded application of one or more auditing procedures considered necessary in the circumstances? [SAS 2, pars. 10-13 (AU 509.10-.13); SAS 31, par. 22 (AU 326.23)]	---	---	---
b. The financial statements are affected by material uncertainties concerning future events, the outcome of which is not susceptible of reasonable estimation at the report date? [SAS 2, pars. 21-26 (AU 509.21-.26); SAS 34, pars. 11-13 (AU 340.11-.13); SAS 2, par. 39 as amended by SAS 43, par. 6 (AU 509.39)]	---	---	---
6. Has a qualified opinion or adverse opinion been expressed if the following circumstances are present:			
a. Lack of conformity with generally accepted accounting principles (including inadequate disclosure)? [SAS 2, pars. 15-19 (AU 509.15-.19); SAS 17, par. 15 (AU 328.15); SAS 32,	---	---	---

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
par. 3 (AU 431.03); SAS 34, par. 11 (AU 340.11)]			
b. Departure from consistent application of accounting principles? [SAS 1, sec. 546 (AU 546)]	—	—	—
c. The organization has inadequate internal accounting control over contributions and there is a significant risk that such revenue may be materially underrecorded? (ACNO, Chapter 4, p. 20 and Ch. 8, pp.45-46.)	—	—	—
7. If a qualified opinion, adverse opinion, or disclaimer of opinion is expressed:			
a. Are all the substantive reasons for the opinion or disclaimer disclosed? [SAS 2, pars. 32, 42 and 45 (AU 509.32, 509.42 and 509.45) (For Federal Grants OMB Circular No. A-110, par. 980)]	—	—	—
b. Is the reporting language clear and appropriate for the—			
(1) Qualified opinion? [SAS 2, pars. 29-40 as amended by SAS 43, par. 6 (AU 509.29-.40)]	—	—	—
(2) Adverse opinion? [SAS 2, pars. 41-44 (AU 509.41-.44)]	—	—	—
(3) Disclaimer of opinion? [SAS 2, pars. 45-47 (AU 509.45-.47)]	—	—	—
8. Does the report include modification, if applicable, for the following:			
a. Conditions that precluded application of necessary auditing procedures to opening inventories and/or long term investments? [SAS 1, sec. 542.05-.06 (AU 542.05-.06)]	—	—	—
b. Inadequate disclosure? [SAS 1, sec. 545 (AU 545)]	—	—	—

Nonprofit Organizations Auditors' Reports Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. First examination—inadequate financial records or client-imposed limitations? [SAS 1, sec. 546.15-.16 (AU 546.15-.16)]	—	—	—
d. Client representations about related party transactions? [SAS 45, par. 2 (AU 334.12)]	—	—	—
e. Client's refusal to provide written representation? [SAS 19, par. 11 (AU 333.11)]	—	—	—
f. Limitations on scope of lawyer's response? [SAS 12, pars. 12-14 (AU 337.12-.14)]	—	—	—
g. Unresolved matters involving specialists? [SAS 11, par. 9 (AU 336.09)]	—	—	—
h. Scope limitation concerning errors or irregularities? [SAS 16, par. 14 (AU 327.14)]	—	—	—
i. Illegal acts by clients? [SAS 17 (AU 328)]	—	—	—
j. Entity's continued existence? [SAS 34, pars. 11-13 (AU 340.11-.13)]	—	—	—
k. Material misstatement of the financial statements? [SAS 47, par. 31 (AU 312.31)]	—	—	—
l. Financial statements issued before the effective date of a Statement of Financial Accounting Standards when disclosure is not made of the effect of a restatement which will be required in the future as a result of the FASB Statement? [Interpretation 3 of SAS 1, section 410 (AU 9410.13-.15)]	—	—	—
9. Has a piecemeal opinion been avoided? [SAS 2, par. 48 (AU 509.48); SAS 14, par. 12 (AU 621.12)]	—	—	—

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
10. For special reports, have the provisions of SAS 14 and SAS 35 been complied with (i.e., does at least one of the following apply):			
a. Statements prepared in accordance with a comprehensive basis of accounting other than generally accepted accounting principles? [SAS 14, pars. 2-8 (AU 621.02-.08)]	---	---	---
b. Specified elements, accounts or items of a financial statement? [SAS 14, pars. 9-14 (AU 621.09-.14); SAS 35 (AU 622)]	---	---	---
c. Compliance with aspects of agreements or regulatory requirements relating to audited financial statements? [SAS 14, pars. 18-19 (AU 621.18-.19)]	---	---	---
d. Financial information that requires a prescribed form of auditor's report? [SAS 14, pars. 20-21 (AU 621.20-.21)]	---	---	---
11. If information is to accompany the basic financial statements and auditor's report in an auditor-submitted document:			
a. Is there a clear distinction between the client's representations and auditor's representations? [SAS 29, par. 20 (AU 551.20)]	---	---	---
b. Does the auditor's report on the accompanying information:			
(1) State that the examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole?	---	---	---
(2) Specifically identify the accompanying information?	---	---	---
(3) State that the accompanying information is presented for pur-			

Nonprofit Organizations Auditors' Reports Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
poses of analysis and is not part of the basic financial statements?	___	___	___
(4) State whether the additional information has been subjected to the auditing procedures applied in examining the basic financial statements and the appropriate expression or disclaimer? [SAS 29, pars. 6-11 (AU 551.06-.11)]	___	___	___
12. If an auditor-submitted document with accompanying information (long-form report) is co-existing with a document that includes just the basic financial statements and auditor's report:			
a. Do the basic financial statements in all co-existing documents consistently include all the information necessary for a fair presentation in conformity with generally accepted accounting principles? [SAS 29, par. 21 (AU 551.21)]	___	___	___
b. Are any additional comments or explanations by the auditor consistent with the description of the scope of the examination in the auditor's standard (or modified) report? [SAS 29, par. 20 (AU 551.20)]	___	___	___
13. If the document contains interim financial information, has the auditor's report been expanded if required? [SAS 36, pars. 24-30 (AU 722.24-.30)]	___	___	___
14. If a report on internal accounting control is to be issued ¹ is the appropriate form used for:			

¹Material weaknesses in internal accounting control that have not been corrected before they come to the auditor's attention must be communicated, preferably in writing, to senior management and the board of directors or its audit committee. [SAS 20, par. 4 (AU 323.04)]

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Expression of an opinion on the entity's system of internal accounting control in effect as of a specified date or during a specific period of time? [SAS 30, pars. 37-46 (AU 642.37-.46)]	---	---	---
b. Report for restricted use of management, specified regulatory agencies, or other specified third parties based solely on a study and evaluation made as part of an audit of financial statements but not sufficient for expressing an opinion on the system? [SAS 30, pars. 47-53 (AU 642.47-.53)]	---	---	---
c. Report on all or part of an entity's system for restricted use of management or specified regulatory agencies, based on the regulatory agencies' pre-established criteria? [SAS 30, pars. 54-59 (AU 642.54-.59)]	---	---	---
d. Other special purpose reports on all or parts of the entity's system for restricted use of management, specified regulatory agencies, or other specified third parties? [SAS 30, pars. 60-61 (AU 642.60-.61); SAS 44, pars. 35, 41 and 46 (AU 324.35, .41 and .46)]	---	---	---
15. If reporting on selected financial data that are included in a client-prepared document that contains audited financial statements and the data is derived from the audited financial statements, does the auditor's report indicate the following:			
a. That he has examined and expressed an opinion on the complete financial statements?	---	---	---
b. The type of opinion expressed?	---	---	---
c. The specific data on which he is reporting?	---	---	---
d. Whether, in his opinion, the information set forth in the selected financial data			

Nonprofit Organizations Auditors' Reports Checklist

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|---|------------|-----------|------------|
| is fairly stated in all material respects in relation to the complete financial statements from which it has been derived?
[SAS 42, par. 9 (AU 552.09)] | — | — | — |
| 16. If the selected financial data for any of the years presented are derived from financial statements that were examined by another independent auditor, does the auditor's report on the selected financial data state that fact and express a disclaimer of opinion on that data?
[SAS 42, par. 9 (AU 552.09)] | — | — | — |
| 17. Condensed Financial Data Standing Alone:

If the organization publishes condensed financial statements, which do not include all required disclosures, standing alone, did the auditor <u>not</u> report on such data [unless in accordance with SAS 14, pars. 9-14 (elements of financial statements)], and not permit his name to be associated improperly with the data? (ACNO, pp. 41, 42) (Note: the form of report illustrated at SAS 42, pars. 5, 6 AU 552.03--04 may not be used for a nonpublic entity.)
[ACNO, Ch. 7, pp. 41-42] | — | — | — |
| 18. If the auditor is reporting on financial statements prepared on a comprehensive basis of accounting other than generally accepted accounting principles, has the auditor considered whether the financial statements (including the accompanying notes) include all informative disclosures that are appropriate for the basis of accounting used?
[Interpretation 8 of SAS 14, Section 621 (AU 9621.34-.39)] | — | — | — |
| 19. If the organization uses Internal Revenue Form 990, "Return of Organizations Exempt from Income Tax" as a uniform annual report by a charitable organization to a state government as well as the Federal government, has the auditor considered the following: | | | |

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Are the financial statements included in the report presented fairly in conformity with GAAP? [Interpretation 10 of SAS 14, Section 621 (AU 9621.47)]	—	—	—
b. Whether the financial statements and auditor's report are a matter of public record? [Interpretation 10 of SAS 14, Section 621 (AU 9621.48)]	—	—	—
c. Is there public distribution of the financial statements and the accountant's report? [Interpretation 10 of SAS 14, Section 621 (AU 9621.48 & .53)]	—	—	—
d. If the financial statements are not in conformity with GAAP, would it be appropriate to issue a special report? [Interpretation 10 of SAS 14, Section 621 (AU 9621.50-.52)]	—	—	—

AAM Section 8620

Accountants' Reports on Compiled or Reviewed Financial Statements of Nonprofit Organizations Checklist¹

.01 This checklist has been developed by the staff of the Technical Information division of the AICPA as a nonauthoritative practice aid. Accordingly, the notice on page 8601 is incorporated herein by reference.

.02 Explanation of references:

SSARS = Statement on Standards for Accounting and Review Services

(AR) = Reference to section number in AICPA Professional Standards (vol. 2) of SSARS cited

.03 Checklist Questionnaire

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. Is the report appropriately worded?	___	___	___
a. For compiled financial statements does the report state that:			
(1) A compilation has been performed in accordance with standards established by the American Institute of Certified Public Accountants?	___	___	___
(2) A compilation is limited to presenting in the form of financial statements information that is the representation of management (owners)? [See SSARS No. 3, par. 3 (AR 300.03) for different wording that may be used when the financial statements are included in a prescribed form and the form or related instructions call for departure from generally accepted accounting principles.]	___	___	___

¹It is assumed that the nonprofit organization meets the criteria of a nonpublic entity as defined in SSARS No. 1, par. 100.04.

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
(3) The financial statements have not been audited or reviewed and, accordingly, the accountant does not express an opinion or any other form of assurance on them?	_____	_____	_____
[SSARS No. 1, par. 14 (AR 100.14); SSARS No. 5, par. 1 (AR 500.01)]			
b. For reviewed financial statements does the report state that:			
(1) A review was performed in accordance with standards established by the American Institute of Certified Public Accountants?	_____	_____	_____
(2) All information included in the financial statements is the representation of the management (owners) of the entity?	_____	_____	_____
(3) A review consists principally of inquiries of company personnel and analytical procedures applied to financial data?	_____	_____	_____
(4) A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole and, accordingly, no such opinion is expressed?	_____	_____	_____
(5) The accountant is not aware of any material modification that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles or, where applicable, with another comprehensive basis of accounting, other than those modifications, if any, indicated in his report?	_____	_____	_____
[SSARS No. 1, par. 32 (AR 100.32)]			

Accountants' Reports on Compiled or Reviewed
Financial Statements of Nonprofit Organizations Checklist

Yes No N/A

c. For both compiled and reviewed financial statements, does the report exclude a description of any other procedures that the accountant might have performed before or during the engagement?

[SSARS No. 1, pars. 14 & 32 (AR 100.14 & 100.32)]

2. For compiled financial statements that contain departures² from generally accepted accounting principles or, where applicable, another comprehensive basis of accounting:

a. If the departure is the omission in compiled financial statements of substantially all required disclosures does the accountant's report clearly indicate such omission?

[SSARS No. 1, pars. 19 & 21 (AR 100.19 & 100.21)]

b. If compiled financial statements that omit substantially all of the disclosures required by generally accepted accounting principles include disclosures about only a few matters in the form of notes to such financial statements, are such disclosures labeled "Selected Information—Substantially All Disclosures Required by Generally Accepted Accounting Principles (or, where applicable, another comprehensive basis of accounting) Are Not Included"?

[SSARS No. 1, par. 19 (AR 100.19)]

²Other than departures required by a prescribed form or related instructions when the accountant issues a SSARS No. 3 [AR 300] compilation report on financial statements included in a prescribed form.

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>c. If compiled financial statements that omit substantially all required disclosures are prepared on a basis of accounting other than generally accepted accounting principles, and if such financial statements do not include disclosure of the basis of accounting used, does the accountant's report disclose the basis of accounting?</p> <p>[SSARS No. 1, par. 20 (AR 100.20)]</p>	---	---	---
<p>d. If compiled financial statements contain a departure from generally accepted accounting principles or, where applicable, another comprehensive basis of accounting, did the accountant modify his report to disclose the departure?</p> <p>[SSARS No. 1, par. 39 (AR 100.39)]</p> <p>(1) If yes, did the accountant's modified report disclose the departure in a separate paragraph?</p> <p>[SSARS No. 1, par. 40 (AR 100.40)]</p> <p>(2) If the effects of the departure on the financial statements have been determined by management or are known as a result of the accountant's procedures, are these effects also disclosed in the modified report?</p> <p>[SSARS No. 1, par. 40 (AR 100.40)]</p> <p>(3) If the effects of the departure on the financial statements have not been determined, has the accountant stated this in his report?</p> <p>[SSARS No. 1, par. 40 (AR 100.40)]</p>	---	---	---

Accountants' Reports on Compiled or Reviewed
Financial Statements of Nonprofit Organizations Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. For reviewed financial statements, that contain departures from generally accepted accounting principles or, where applicable, another comprehensive basis of accounting (including the omission of required disclosures), did the accountant modify his report to disclose the departure?	___	___	___
[SSARS No. 1, par. 39 (AR 100.39)]			
a. If yes, did the accountant's modified report disclose the departure in a separate paragraph?	___	___	___
[SSARS No. 1, par. 40 (AR 100.40)]			
b. If the effects of the departure on the financial statements have been determined by management or are known as a result of the accountant's procedures, are these effects also disclosed in the modified report?	___	___	___
[SSARS No. 1, par. 40 (AR 100.40)]			
c. If the effects of the departure on the financial statements have not been determined, has the accountant stated this in his report?	___	___	___
[SSARS No. 1, par. 40 (AR 100.40)]			
4. If the accountant is not independent with respect to the entity for which he has compiled financial statements, did the accountant state in the last paragraph of his report, "I am (we are) not independent with respect to XYZ company"?	___	___	___
(The accountant is precluded from issuing a review report on the financial statements of an entity with respect to which he is not independent.)			
[SSARS No. 1, pars. 22 & 38 (AR 100.22 & 100.38)]			
5. Is the report dated?	___	___	___

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
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6. a. Does each page of the financial statements compiled by the accountant include a reference such as "See Accountant's Compilation Report"?

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[SSARS No. 1, par. 16 (AR 100.16)]

or

- b. Does each page of the financial statements reviewed by the accountant include a reference such as "See Accountant's Review Report"?

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[SSARS No. 1, par. 34 (AR 100.34)]

7. When accompanying information is presented with the financial statements, did the accountant clearly indicate his degree of responsibility with respect to such information as follows:

- a. If the basic financial statements were reviewed, was the degree of responsibility disclosed in the report or in a separate report on the other data that states:

(1) The review has been made primarily for the purpose of expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles or, where applicable, another comprehensive basis of accounting, and either:

	---	---	---
--	-----	-----	-----

(2) The other data accompanying the financial statements are presented only for supplementary analysis purposes and have been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and the accountant did not become aware of any material modifications that should be made to such data,

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or

Accountants' Reports on Compiled or Reviewed
Financial Statements of Nonprofit Organizations Checklist

Yes No N/A

- (3) The other data accompanying the financial statements are presented only for supplementary analysis purposes and have not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review, and the accountant does not express an opinion or any other form of assurance on such data?

[SSARS No. 1, par. 43 (AR 100.43)]

- b. If the accountant has compiled both the basic financial statements and other data which is presented for supplementary analysis purposes, does the compilation report also include the other data?

[SSARS No. 1, par. 43 (AR 100.43)]

8. If an audit engagement has been changed to a review or compilation, does the report omit reference to: a) the original engagement, b) any auditing procedures that may have been performed, c) any scope limitation that resulted in the changed engagement?

[SSARS No. 1, par. 49 (AR 100.49)]

9. If comparative financial statements are presented, does the accountant's report cover each period presented?

[SSARS No. 2, par. 2 (AR 200.02)]

10. Is the report appropriate for the current status of the entity?

[SSARS No. 2, pars. 31-32 (AR 200.31-.32)]

Disclosure Checklist

- | | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
|--|------------|-----------|------------|
| 11. Does each page of the comparative financial statements compiled or reviewed include a reference such as "See Accountant's Report"? | ___ | ___ | ___ |
| [SSARS No. 2, par. 6 (AR 200.06)] | | | |
| 12. If compiled financial statements which omit substantially all of the disclosures required by generally accepted accounting principles are included among the comparative financial statements, do all the periods presented also omit such disclosures and does the accountant's compilation report include an additional paragraph which indicates: | | | |
| a. The nature of the previous service rendered (compilation, review or audit)? | ___ | ___ | ___ |
| b. Date of the previous report? | ___ | ___ | ___ |
| c. Appropriate language in accordance with SSARS No. 1, paragraphs 19-20 and SSARS No. 2, paragraph 30? | ___ | ___ | ___ |
| [SSARS No. 1, pars. 19-21 (AR 100.19-.21);
SSARS No. 2, pars. 5 & 29-30 (AR 200.05 & 200.29-.30)] | | | |
| 13. If the level of service performed by the continuing accountant on the current-period financial statements is the same or higher than that performed on the financial statements of the prior period presented, has the continuing accountant's report on the prior period been updated? | ___ | ___ | ___ |
| [SSARS No. 2, pars. 8-10 (AR 200.08-.10)] | | | |
| 14. If the level of service performed by the continuing accountant on the current-period financial statements is lower than that performed on the financial statements of the prior period presented: | | | |

Accountants' Reports on Compiled or Reviewed
Financial Statements of Nonprofit Organizations Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Does the report on the current period include a separate paragraph which describes the responsibility assumed for the prior period?	_____	_____	_____
or			
b. Is the report on the current period accompanied by or combined with a reissued report on the financial statements of the prior period presented?	_____	_____	_____
[SSARS No. 2, pars. 8 & 11-12 (AR 200.08 & 200.11-.12)]			
15. If the report requires a changed reference to a departure from generally accepted accounting principles regarding the prior period presented, does the explanatory paragraph in the report include:			
a. The date of the previous report?	_____	_____	_____
b. Description of the circumstances or events underlying the change?	_____	_____	_____
c. Indication, if applicable, that the prior-period financial statements have changed?	_____	_____	_____
[SSARS No. 2, pars. 14-15 (AR 200.14-.15)]			
16. If the predecessor accountant does not reissue his compilation or review report on the prior-period financial statements, has the successor:			
a. Made appropriate reference in his report to the predecessor's report in accordance with SSARS No. 2?	_____	_____	_____

or

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
b. Performed a compilation, review, or audit of the statements of the prior period and reported on them accordingly?	___	___	___
[SSARS No. 2, pars. 16-19 (AR 200.16-.19)]			
17. If the financial statements of the prior period presented have been changed, has the predecessor or successor reported on them as presented?	___	___	___
[SSARS No. 2, pars. 25-26 (AR 200.25-.26)]			
18. If the current-period financial statements were compiled or reviewed and the financial statements of the prior period presented were audited and the audit report has not been reissued, does the current-period report include a separate paragraph which contains the following:			
a. Statement that the prior-period financial statements were examined previously?	___	___	___
b. Date of the previous report?	___	___	___
c. Type of opinion expressed previously?	___	___	___
d. If the opinion was other than unqualified, the substantive reasons therefor?	___	___	___
e. That no auditing procedures were performed after the date of the previous report?	___	___	___
[SSARS No. 2, par. 28 (AR 200.28)]			

[For guidance on situations when the current period is audited and the prior period is compiled or reviewed, see Statement on Auditing Standards No. 26 (AU 504).]

AAM Section 8630

Nonprofit Organizations Financial Statements and
Notes Checklist

.01 This checklist has been developed by the staff of the Technical Information division of the AICPA as a nonauthoritative practice aid. Accordingly, the notice on page 8601 is incorporated herein by reference.

.02 Explanation of references:

- ARB = Accounting Research Bulletin
- APB = Accounting Principles Board Opinion
- SFAS = Statement of Financial Accounting Standards
- SAS = Statement on Auditing Standards
- FASBI = Financial Accounting Standards Board Interpretation
- TB = Technical Bulletin issued by the staff of the FASB¹
- (AC) = Reference to section number in
FASB Accounting Standards Current Text
- (AU) = Reference to section number in AICPA Professional Standards (vol. 1) of SAS cited
- ACNO = AICPA Audit and Accounting Guide, Audits of Certain Nonprofit Organizations
- VHW = AICPA Audit and Accounting Guide, Audits of Voluntary Health and Welfare Organizations
- SOP = AICPA Audit and Accounting Guide, Audits of Certain Nonprofit Organizations, AICPA Statement of Position 78-10
- OMB = Office of Management and Budget Circular No. A-110

.03 This checklist is organized into the following classifications:

- o General
 - A. Titles and References
 - B. Disclosure of Accounting Policies and Other Disclosures
 - C. Accounting Changes
 - D. Comparative Financial Statements
 - E. Nonmonetary Transactions
 - F. Contingencies and Commitments
 - G. Subsequent Events
 - H. Pension Plans
 - I. Related Entities

¹The FASB staff issues FASB Technical Bulletins to provide guidance concerning the application of FASB Statements or Interpretations, APB Opinions, or Accounting Research Bulletins. FASB Technical Bulletins do not establish new financial accounting and reporting standards or amend existing standards.

Disclosure Checklist

- o Balance Sheet
 - A. General
 - B. Cash
 - C. Carrying Amount of Investments
 - D. Receivables
 - E. Property and Equipment
 - F. Collections of Works of Art and Similar Items
 - G. Other Assets and Deferred Charges
 - H. Current Liabilities
 - I. Notes Payable and Other Debt
 - J. Lessees
 - K. Other Liabilities and Deferred Credits
- o Activity Statement
 - A. Fund Accounting
 - B. Capital Gains
 - C. Third-Party Reimbursements
 - D. Donated or Contributed Services
 - E. Donated Materials and Facilities
 - F. Subscription and Membership Income
 - G. Fund Raising
 - H. Restricted Gifts, Grants, Pledges, etc.
 - I. Gifts of Future Interest
 - J. Expenses
 - K. Remittances to National Organizations
 - L. Prior Period Adjustments
 - M. Wills or Trusts
- o Additional Financial Statements
 - A. Statement of Changes in Financial Position
 - B. Statement of Functional Expenses
- o Tax Status
- o Federal Grants to Nonprofit Organizations

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
.04 General			
A. Titles and References			
Are the financial statements suitably titled? [SAS 14, par. 7 (AU 621.07)]	---	---	---
B. Disclosure of Accounting Policies and Other Disclosures			
1. Is a description of all significant accounting policies of the reporting entity presented as an integral part of the financial statements? [APB 22, par. 8 (AC A10.102)]	---	---	---
2. Does disclosure of significant accounting policies encompass important judgments as to appropriateness of principles concerning recognition of revenue, and allocation of asset costs to current and future periods? [APB 22, par. 12 (AC A10.105); TB 82-1, par. 7 (AC I28.513)]	---	---	---
3. Does the disclosure of significant accounting policies include appropriate reference to details presented elsewhere (in the statements and notes thereto) so duplication of details is avoided? [APB 22, par. 14 (AC A10.107)]	---	---	---
4. Considering the following potential users of the financial statements:			
a. Contributors to and other founders of the organization			
b. Beneficiaries of the organization			
c. The organization's trustees or directors and key managers			
d. Other employees of the organization			
e. Governmental units			
f. The organization's creditors and potential creditors			
g. Related organizations			

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
Do the financial statements identify the organization's			
a. Principal programs? [SOP 78-10, par. 9]	---	---	---
b. Principal program costs? [SOP 78-10, par. 9]	---	---	---
c. Do the financial statements and/or notes disclose the degree of control exercised by donors over the use of resources? [SOP 78-10, par. 9]	---	---	---
d. Do the financial statements help the reader to evaluate the organization's ability to carry out its fiscal objectives? [SOP 78-10, par. 9]	---	---	---
C. Accounting Changes			
1. For an accounting change does disclosure in the period of the change include:			
a. Nature of the change?	---	---	---
b. Justification for the change and a clear explanation of the newly adopted principle and why it is preferable?	---	---	---
c. Effect on excess of revenues over expenses? [APB 20, par. 17 (AC A06.113)]	---	---	---
2. Have the applicable AICPA Statements of Position and Guides listed in Appendix A to SFAS 83 (AC section A06 Exhibit 112A) been considered in justification of a change in accounting principle? [SFAS 32, pars. 10-11 (AC A06.112); APB 20, par. 16 (AC A06.112); SFAS 83, pars. 5-6 (AC A06.112)]	---	---	---

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Is a correction of an error shown as a prior period adjustment with disclosure of the following in the period of its discovery and correction:			
a. Nature of the error in previously issued financial statements?	---	---	---
b. Effect of its correction on income before extraordinary items and excess of revenues over expenses? [APB 20, pars. 36-37 (AC A35.105); SFAS 16, par. 11 (AC A35.103)]	---	---	---
D. Comparative Financial Statements			
1. Have comparative statements been considered? [ARB 43, Ch. 2A, pars. 1-2 (AC F43.101-.102) SOP 78-10, par. 41)]	---	---	---
2. Are the notes and other disclosures included in the financial statements of the preceding year(s) presented, repeated or at least referred to, to the extent that they continue to be of significance? [ARB 43, Ch. 2A, par. 2 (AC F43.102)]	---	---	---
3. If changes have occurred in the manner of or basis for presenting corresponding items for two or more periods, are appropriate explanations of the changes disclosed? [ARB 43, Ch. 2A, par. 2 (AC F43.102)]	---	---	---
E. Nonmonetary Transactions			
1. Are nonmonetary transactions accounted for in conformity with APB 29 and/or SOP 78-10, par. 71? [APB 29, pars. 18-27 (AC C11.101 and N35.105-.113)][SOP 78-10, par. 71]	---	---	---

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Do disclosures for nonmonetary transactions during the period include:			
a. Nature of the transactions?	---	---	---
b. Basis of accounting for the assets transferred?	---	---	---
c. Gains or losses recognized on the transfers? [APB 29, par. 28 (AC C11.102 and N35.120); FASBI 30 (AC N35.114-.119)]	---	---	---
F. Contingencies and Commitments			
1. Are the nature and amount of accrued loss contingencies disclosed as necessary to keep the financial statements from being misleading? [SFAS 5, par. 9 (AC C59.108)]	---	---	---
2. For loss contingencies not accrued do disclosures indicate:			
a. Nature of the contingency?	---	---	---
b. Estimate of possible loss or range of loss, or a statement that such estimate cannot be made? [SFAS 5, par. 10 (AC C59.109 and C59.111)]	---	---	---
3. Are the nature and amount of guarantees disclosed (for example, guarantee of indebtedness of others, obligations of banks under standby letters of credit)? [SFAS 5, par. 12 (AC C59.113); FASBI 34, pars. 1-3 (AC C59.114)]	---	---	---
4. Are gain contingencies adequately disclosed with care to avoid any misleading implications about likelihood of realization? [SFAS 5, par. 17 (AC C59.118)]	---	---	---

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. Is there adequate disclosure of commitments such as those for capital expenditures, restrictive covenants in financing agreements, inventory purchase agreements, and employment contracts? [SFAS 5, pars. 18-19 (AC C59.120)]	---	---	---
G. Subsequent Events			
1. Are the financial statements adjusted for any changes in estimates resulting from subsequent events that provided additional evidence with respect to conditions that existed at the date of the balance sheet? [SFAS 5, par. 8 (AC C59.105); SAS 1, secs. 560.03-.04, 560.07 and 561.01-.09 (AU 560.03-.04, 560.07 and 561.01-.09)]	---	---	---
2. Are subsequent events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date adequately disclosed to keep the financial statements from being misleading? [SFAS 5, par. 11 (AC C59.112); APB 16, par. 61 (AC B50.120) and SAS 1, secs. 560.05-.07, 560.09 and 561.01-.09 (AU 560.05-.07, 560.09 and 561.01-.09)]	---	---	---
H. Pension Plans^{2,3}			

²For defined benefit pension plans, accounting and reporting by the plans themselves should be in conformity with SFAS 35 (AC Pe5).

³Since the effective dates of SFAS 87 and SFAS 88, Employers' Accounting for Pensions and Curtailments of Defined Benefit Pension Plans and for Termination Benefits apply to fiscal years beginning after December 15, 1988, this checklist has not been updated for SFAS 87 and SFAS 88, however, refer to AICPA Audit and Accounting Manual, section AAM 8400 for such disclosures.

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
1. If there is a pension plan (defined benefit or otherwise) do disclosures include:			
a. Statement on existence of the plan(s) and identification or description of the employee groups covered?	---	---	---
b. Statement of the entity's accounting and funding policies?	---	---	---
c. Provision for pension cost for the period(s)?	---	---	---
d. Nature and effect of significant matters affecting comparability for all periods presented? [SFAS 36, par. 7 (AC P15.130); TB 81-3, pars. 4-6 (AC P15.503-.505)]	---	---	---
2. For defined benefit pension plans ⁴ do disclosures also include:			
a. Actuarial present value of vested accumulated plan benefits?	---	---	---
b. Actuarial present value of nonvested accumulated plan benefits?	---	---	---
c. Plan's net assets available for benefits?	---	---	---
d. Assumed rates of return used in determining the actuarial present value of vested and nonvested accumulated plan benefits?	---	---	---

⁴For plans for which this information is not available, the entity may continue to comply with the disclosure requirements originally contained in APB Opinion 8 (AC P15) before amendment by SFAS 36 (AC P15.130-.132 and P15.134). Plans for which this information is not available are expected to be only those plans that do not report such information to certain governmental agencies pursuant to the Employee Retirement Income Security Act of 1974 (ERISA).

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
e. Date as of which the benefit information was determined? [SFAS 36, par. 8 (AC P15.131)]	___	___	___
I. Related Entities			
1. Do the financial statements represent one of the following components of a nonprofit organization [ACNO, Ch. 8, p. 51]:			
a. A branch of an existing organization?	___	___	___
b. A separate operation?	___	___	___
c. A separate fund?	___	___	___
d. A grant?	___	___	___
2. If the answer to any of the questions in No. 1 is yes, do the financial statements or footnotes disclose the following:			
a. Existence of affiliated or controlling interest? [ACNO, Ch. 8, p. 52]	___	___	___
b. Nature and volume of material transactions (individually or in the aggregate) with related parties? [ACNO, Ch. 8, p. 52]	___	___	___
c. Any allocations of common expenses? [ACNO, Ch. 8, p. 52]	___	___	___
d. Do the Financial Statements of the Component clearly indicate what part of the organization is included and what parts are not included? [ACNO, Ch. 8, p. 52]	___	___	___

Disclosure Checklist

Yes No N/A

3. Affiliated Organizations

If other organizations are affiliated with, or otherwise financially related to, the organizations under examination, have we considered whether combined financial statements are necessary for fair presentation in conformity with GAAP?

[ACNO, Ch. 7, p. 39]

If combined financial statements are not necessary, did the auditor consider whether appropriate disclosure of the affiliation was made in the notes to financial statements?

[ACNO, Ch. 7, p. 39]

.05 Balance Sheet

A. General

1. For classified balance sheets are assets and liabilities segregated into current and noncurrent classifications with totals presented for current assets and current liabilities?
[ARB 43, Ch. 3A (AC B05.103-.109); SFAS 6, par. 15 (AC B05.118); FASBI 8, par. 3 (AC B05.138-.139); TB 79-3 (AC B05.501-.503); (SOP 78-10, pars. 23, 24)]

2. Are assets not expected to be realized during the current operating cycle classified as non-current?

[ARB 43, Ch. 3A, pars. 5-6
(AC B05.106-.107)]

3. Are valuation allowances contra to such assets as receivables and investments shown as deductions from their related assets with appropriate disclosure?

[APB 12, par. 3 (AC V18.102)]

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. If necessary, in order to segregate unrestricted from restricted resources does the organization report on a fund accounting basis? [SOP 78-10, pars. 15, 20-24]	---	---	---
B. Cash			
1. Is restricted cash appropriately segregated from cash available for current operations? [ARB 43, Ch. 3A, par. 6 (AC B05.107)]	---	---	---
2. Are restrictions on cash appropriately disclosed? [SFAS 5, pars. 18-19 (AC C59.120)]	---	---	---
C. Carrying Amount of Investments			
1. For those organizations covered by SOP 78-10:			
a. Marketable debt securities			
Assuming the organization has ability and intention to hold the securities to maturity, are the securities being reported at amortized cost, market value, or the lower of amortized cost or market value? [SOP 78-10, par. 79]	---	---	---
b. Marketable equity securities and Marketable debt securities			
For debt securities which are <u>not</u> expected to be held to maturity and all equity securities, are they reported at either market value or the lower of cost or market value? [SOP 78-10, par. 79]	---	---	---
c. Are other investments, such as real estate, oil and gas interests, reported at either fair value or the lower of cost or fair value? [SOP 78-10, par. 79]	---	---	---

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. For the above three categories has the same basis of valuation been applied to all investments in each group? [SOP 78-10, par. 79]	---	---	---
3. If investments are <u>not</u> carried at market value, is the market value for that group disclosed at the balance sheet date? [SOP 78-10, par. 79]	---	---	---
4. For those organizations covered by VHW Guide:			
a. If the market value of the investment portfolio is below the recorded value, if considered necessary was the carrying value reduced to market? [VHW, Ch. 2, p. 5]	---	---	---
Or was an allowance for decline in market value provided? [VHW, Ch. 2, p.5]	---	---	---
b. When VHW investments are carried at cost is current market value disclosed? [VHW, Ch. 2, p.6]	---	---	---
c. When VHW investments are carried at market value is cost disclosed? [VHW, Ch. 2, p.6]	---	---	---
5. Have other investments than securities been valued at cost or fair market value? [VHW, Ch. 2]	---	---	---
D. Receivables			
1. Are accounts and notes receivable from officers, employees, and affiliated organizations shown separately with appropriate disclosures? [ARB 43, Ch. 1A, par. 5 (AC R36.105)]	---	---	---
2. If a note is noninterest bearing or has an inappropriate stated interest rate:			

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Is the discount or premium presented as a deduction from or addition to the face amount of the note?	_____	_____	_____
b. Does the disclosure include the effective interest rate and face amount of the note?	_____	_____	_____
c. Is amortization of discount or premium reported as interest in the income statement? [APB 21, par. 16 (AC I69.109)]	_____	_____	_____
3. Are allowances for uncollectible receivables shown as deductions from the related receivables? [APB 12, par. 3 (AC V18.102)]	_____	_____	_____
4. Are legally enforceable pledges receivable recorded? [SOP 78-10, pars. 64-66]	_____	_____	_____
E. Property and Equipment			
1. Are <u>purchased</u> fixed assets capitalized at cost? [SOP 78-10, par. 105]	_____	_____	_____
2. Are <u>donated</u> fixed assets recorded at their fair value at the date of the gift? [SOP 78-10, par. 105]	_____	_____	_____
3. If fixed assets were not capitalized in the past are they being capitalized <u>retroactively</u> ? [SOP 78-10, par. 105]	_____	_____	_____
4. If historical costs are unavailable for assets already in service, has another <u>reasonable basis</u> been used to value the assets? [SOP 78-10, par. 105]	_____	_____	_____

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
5. For depreciable assets, do the financial statements or notes thereto include disclosure of:			
a. Depreciation expense for each period? [APB 12, par. 5a (AC D40.105a)] [SOP 78-10, par. 110]	---	---	---
b. Balances of major classes of depreciable assets by nature or function? [APB 12, par. 5b (AC D40.105b)]	---	---	---
c. Accumulated depreciation, either by major classes of assets or in total? [APB 12, par. 5c (AC D40.105c)]	---	---	---
d. The method or methods used in computing depreciation with respect to major classes of depreciable assets? [APB 12, par. 5d (AC D40.105d); APB 22, par. 13 (AC A10.106)]	---	---	---
6. Are capitalized fixed assets depreciated? [SOP 78-10, par. 107]	---	---	---
7. If the organization owns any fixed assets, such as landmarks, monuments, cathedrals, historical treasures or houses of worship, which are considered inexhaustible, are they depreciated even though it is not required? [SOP 78-10, par. 108]	---	---	---
8. Has the amount of depreciation provided on assets carried at historical cost and the amount, if any, provided on assets carried on a basis other than historical cost been disclosed? [SOP 78-10, par. 110]	---	---	---

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>9. Are capitalized interest costs appropriately determined and reported? [SFAS 34, pars. 6-23 (AC I67.102-.103, I67.105-.107 and I67.109-.118) as amended by SFAS 42, par. 4 (AC I67.104); SFAS 58, pars. 5-7 (AC I67.105c, I67.106c-.106e and I67.117); SFAS 62, par. 5 (AC I67.106)]</p>	---	---	---
<p>10. Has the basis of valuation and the amount of any assets pledged to secure outside borrowing been disclosed in the financial statements? [SOP 78-10, p. 166, Note 3]</p>	---	---	---
<p>F. Collections of Works of Art and Similar Items</p>			
<p>1. If the organization has inexhaustible collections usually associated with museums, art galleries, botanical gardens, libraries or similar entities and if such collections are not capitalized, does the caption "Collections" appear on the balance sheet with no amount shown but with a reference to a note that describes the collection? [SOP 78-10, par. 113]</p>	---	---	---
<p>2. If the valuation basis is shown on the balance sheet have we obtained assurance that it is appropriate? SOP 78-10, par. 113</p>	---	---	---
<p>3. Do the financial statements disclose the cost or contributed value of current period accessions and the nature of and proceeds from deaccessions? [SOP 78-10, par. 114]</p>	---	---	---
<p>G. Other Assets and Deferred Charges</p>			
<p>1. Are the costs of intangible assets acquired from other entities recorded as assets? [APB 17, pars. 24-26 (AC I60.105-.107)]</p>	---	---	---

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
2. Are the costs of developing, maintaining or restoring intangible assets which are not specifically identifiable, have indeterminate lives, or are inherent in a continuing business and related to the entity as a whole, expensed when incurred? [APB 17, par. 24 (AC I60.105)]	---	---	---
3. Has interest been accrued on interfund borrowings if appropriate? [SOP 78-10, par. 118]	---	---	---
4. When funds for repayment are not available have such borrowings been considered permanent and recorded as transfers? [SOP 78-10, par. 118]	---	---	---
H. Current Liabilities			
1. Do current liabilities include:			
a. Obligations for items which have entered the operating cycle?	---	---	---
b. Collections received in advance of the delivery of goods or performance of services?	---	---	---
c. Debts which arise from operations directly related to the operating cycle?	---	---	---
d. Other liabilities whose regular and ordinary liquidation is expected to occur within a relatively short time period?	---	---	---
e. Obligations that, by their terms, are due on demand or will be due within one year (or operating cycle, if longer) from the balance sheet date, even though liquidation may not be expected within that period? [ARB 43, Ch. 3A, pars. 7-8 (AC B05.108-.109); SFAS 78, par. 5 (AC B05.109A and B05.118)]	---	---	---

Nonprofit Organizations Financial Statements and Notes Checklist

Yes No N/A

2. Do current liabilities exclude short-term obligations that the entity intends to refinance on a long-term basis, provided the entity has demonstrated the ability to consummate the long-term financing?
 [SFAS 6, pars. 8-14 (AC B05.112-.116); FASBI 8 (AC B05.117 and B05.138-.139)]

I. Notes Payable and Other Debt

1. Is there adequate disclosure of interest rates, maturities, and other terms and conditions provided in loan agreements and bond indentures such as assets pledged as collateral, etc.?
 [SFAS 5, pars. 18-19 (AC C59.120)]

2. If the note is noninterest bearing or has an inappropriate stated interest rate:

a. Is the discount or premium presented as a deduction from or addition to the face amount of the note?

b. Does the disclosure include the effective interest rate and face amount of the note?

c. Is amortization of the discount or premium reported as interest in the income statement?

d. Are issue costs reported in the balance sheet as deferred charges?
 [APB 21, par. 16 (AC I69.109)]

3. Are current portions of debt obligations presented as current liabilities?
 [ARB 43, Ch. 3A, pars. 7-8 (AC B05.108-.109)]

4. If a short-term obligation is to be excluded from current liabilities per SFAS 6, do disclosures include:

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. General description of the financing agreement?	_____	_____	_____
b. Terms of any new obligation incurred or expected to be incurred, as a result of the refinancing? [SFAS 6, par. 15 (AC B05.118); FASBI 8, par. 3 (AC B05.117); TB 79-3 (AC B05.501-.503)]	_____	_____	_____
J. Lessees			
1. For capital leases do disclosures include:			
a. Gross amounts of assets recorded by major classes as of the date of each balance sheet presented? [SFAS 13, par. 16a (AC L10.112a(1)-(4))]	_____	_____	_____
b. Future minimum lease payments as of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years with appropriate separate deductions therefrom for executory costs and imputed interest to reduce net minimum lease payments to present value? [SFAS 13, pars. 10 & 16a (AC L10.106 and L10.112a(1)-(4))]	_____	_____	_____
c. Total of future minimum sublease rentals under noncancelable subleases as of the date of the latest balance sheet presented? [SFAS 13, par. 16a (AC L10.112a(1)-(4))]	_____	_____	_____
d. Total contingent rentals actually incurred for each period for which an income statement is presented? [SFAS 13, par. 16a (AC L10.112a(1)-(4)) amended 10/1/79 by SFAS 29, par. 12]	_____	_____	_____
2. For operating leases that have initial or remaining noncancelable lease terms in excess of one year do disclosures include:			

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a. Future minimum rental payments required as of the latest balance sheet presented in the aggregate and for each of the five succeeding fiscal years?	_____	_____	_____
b. Total of future minimum rentals under noncancelable subleases as of the date of the latest balance sheet presented? [SFAS 13, par. 16b (AC L10.112b)]	_____	_____	_____
3. For all operating leases do disclosures include: rental expense for each period for which an income statement is presented with separate amounts for minimum rentals, contingent rentals, and sublease rentals? [SFAS 13, par. 16c (AC L10.112c)]	_____	_____	_____
4. Do disclosures include a general description of the lessee's leasing arrangements including but not limited to:			
a. Bases for determination of contingent rentals?	_____	_____	_____
b. Terms of any renewal or purchase options or escalation clauses?	_____	_____	_____
c. Restrictive covenants? [SFAS 13, par. 16d (AC L10.112d); For amendments of SFAS 13 see SFASs 17, 22, 23, 26, 27, 28 and 29; for interpretations see FASBIs 19, 21, 23, 24, 26 and 27; for technical bulletins see TBs 79-10, 79-11, 79-12, 79-13, 79-14, 79-15, 79-16, 79-17 and 79-18]	_____	_____	_____

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
K. Other Liabilities and Deferred Credits			
1. Are estimated losses from loss contingencies accrued if both "probable" as explained in SFAS 5 and the amount can be reasonably estimated? [SFAS 5, par. 8 (AC C59.105); FASBI 14 (AC C59.106-.107 and C59.124-.127)]	---	---	---
2. Are liabilities appropriately accrued and reported for employees' compensation for future absences? [SFAS 43, pars. 6-7 (AC C44.104 and C44.108)]	---	---	---
3. Are liabilities for special termination benefits to employees appropriately accrued and reported when the employees accept the offer and the amount can be reasonably estimated? [SFAS 74, par. 2 (AC C45.102)]	---	---	---
.06 Activity Statement or Statement of Revenue and Expenses, or Statement of Support and Revenue, Expenses, Capital Additions and Changes in Fund Balances (SOP 78-10, par. 25)			
A. Fund Accounting			
1. If necessary, in order to segregate unrestricted from restricted resources does the organization report on a fund accounting basis? [SOP 78-10, par. 15]	---	---	---
2. Does the Activity Statement include all the funds of the organization? [SOP 78-10, pars. 25-31]	---	---	---
3. Does the Activity Statement disclose all legally unrestricted income, expenses and fund balances on a functional basis where the organization receives significant support from the general public in the form of contributions? [SOP 78-10, Exhibits 1B & 4B; (VHW, pp. 42, 43)]	---	---	---

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>4. Is the total amount for all legally unrestricted income, expenses and fund balances shown in one column so as to be clearly distinguishable to a reader of the financial statements? [SOP 78-10, Exhibits 1B & 4B; VHW, pp. 42, 43]</p>	---	---	---
<p>5. Does the Activity Statement indicate which contributions cannot be spent currently for program or support services because of donor or legal restrictions? [SOP 78-10, pars. 28, 62]</p>	---	---	---
<p>6. Has the client complied with all restrictions imposed by donors or other third parties and are significant restrictions disclosed in the financial statements? [SOP 78-10, par. 59]</p>	---	---	---
<p>7. Are contributions that cannot be spent currently differentiated from items that are available for current operations by use of captions such as "Capital Additions" or "Nonexpendable Additions"? [SOP 78-10, par. 28]</p>	---	---	---
<p>8. If a columnar format is used, do the statements show a total all-funds column? (Not mandatory) [SOP 78-10, pars. 37, 39]</p>	---	---	---
<p>9. Are comparative financial statements being presented? (Not mandatory) [SOP 78-10, par. 41]</p>	---	---	---
<p>10. Is an excess of revenues over expenses clearly shown? [SOP 78-10, par. 30] and if there are capital additions, are there two excess captions? [SOP 78-10, par. 31]</p>	---	---	---
<p>11. If the auditor will be rendering an opinion on the prior period as well as the current period, has the auditor</p>			

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
evaluated whether the prior period information contains sufficient information to constitute a fair presentation in conformity with GAAP or will additional columns or details be required, or does the auditor need to modify his report? [SOP 78-10, par. 41 and SAS 15, footnote 5 (AU 505.02)]	---	---	---
B. Capital Gains			
1. If the aggregate market value by fund group is less than the carrying amount for investments carried at the lower of (amortized) cost or market value, has the decline been recognized? [SOP 78-10, par. 80]	---	---	---
2. Have recoveries in aggregate market value in subsequent periods been recorded subject to the limitation that the carrying amount should not exceed original cost? [SOP 78-10, par. 80]	---	---	---
a. Where such adjustments relate to noncurrent investments was this recognized as an addition or deduction to the fund balance? [SOP 78-10, par. 80]	---	---	---
b. If the adjustments relate to current investments were they reflected in the statement of activity in the same manner as realized gains and losses? [SOP 78-10, par. 80]	---	---	---
3. Assuming that the organization has adopted the so called total-return approach for the management of investments of endowment and quasi-endowments funds:			
a. Is this in conformity with State Regulations? [See pars. 75 and 76 of SOP 78-10, and VHW, Ch. 2, p. 7]	---	---	---

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
<p>b. Has the organization reported the portion of available net gains from endowment investments utilized in the statement of activity as a transfer from endowment funds to other funds? [SOP 78-10, par. 76]</p>	_____	_____	_____
<p>c. If the answer is "no" has this been disclosed in the accountants' report?</p>	_____	_____	_____
<p>d. Do the notes to financial statements summarize total realized and unrealized gains and losses and income earned from investments held by all funds except life income and custodial funds? [SOP 78-10, par. 83]</p>	_____	_____	_____
<p>4. Tax Allocation</p>			
<p>a. Is the organization subject to federal excise tax on investment income or to federal and state income taxes on unrelated business income? [SOP 78-10, par. 103]</p>	_____	_____	_____
<p>b. If the answer is "yes" and timing differences exist between the income base for tax and financial reporting purposes, has interperiod allocation of taxes been made and disclosed? [SOP 78-10, par. 103]</p>	_____	_____	_____
<p>5. Transfers</p>			
<p>Where applicable does the Activity Statement show that transfers of resources among fund groups are neither revenues nor expenses and are distinguished from support and revenues and are reported as changes in fund balances below the caption "fund balance at beginning of period"? [SOP 78-10, par. 104]</p>	_____	_____	_____

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
C. Third-Party Reimbursements			
If the organization depends significantly on third-party reimbursement arrangements to carry out its program activities, do the financial statements adequately disclose information related to these arrangements? [ACNO, Ch. 3, pp. 14, 15]	___	___	___
D. Donated or Contributed Services			
Do the notes to financial statements disclose the methods used by the organization in valuing, recording and reporting donated or contributed services? [SOP 78-10, par. 67]	___	___	___
E. Donated Materials and Facilities			
1. Have significant donated materials and facilities been recorded at their fair value?	___	___	___
2. Did the organization have a clear, measurable and objective basis for determining these fair values? [SOP 78-10, par. 71]	___	___	___
F. Subscription and Membership Income			
1. Are subscriptions and revenues derived from services rendered or sale of goods recognized as revenue in the period in which they are provided? [SOP 78-10, par. 84]	___	___	___
2. Is revenue from membership dues recognized ratably over the period to which the dues relate? [SOP 78-10, par. 84]	___	___	___
3. If dues, assessments and nonrefundable initiation fees are in substance contributions and services are not to be provided to the member, are they recognized as revenue in the period the organization is entitled to them? [SOP 78-10, par. 84]	___	___	___

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
G. Fund Raising			
If revenue from fund-raising affairs is reported net of expenses are such expenses disclosed? [SOP 78-10, par. 93, VHW, p. 42]	---	---	---
H. Restricted Gifts, Grants, Pledges, etc.			
1. Are gifts, grants, pledges and other revenues which are restricted by the donor for a particular purpose recorded as follows:			
For "Certain Nonprofit Organizations"-- in accordance with SOP 78-10, pars. 54-62?	---	---	---
For "Voluntary Health and Welfare Organizations"--in accordance with Chapter 1, p. 2?	---	---	---
2. For VHW Organizations and ACNO is investment income recorded directly into the appropriate fund based on the nature of any restrictions placed on the income? [VHW, Ch. 1, p. 3; SOP 78-10, pars. 72, 73]	---	---	---
I. Gifts of Future Interest (ACNO Ch. 4, p. 25)			
1. Has the present value of the actuarially determined liability resulting from such gifts been recorded at the date of the gifts? [SOP 78-10, par. 121]	---	---	---
2. Has any excess or deficiency in the amount of an annuity gift over the liability been recorded as support in the year of the gift if it may be used immediately for the general purpose of the organization? [SOP 78-10, par. 121]	---	---	---
3. If this was not done has the excess been reported as deferred revenue if it is			

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
restricted for specific purposes? [SOP 78-10, par. 121]	—	—	—
4. For the principal amount of life income gifts where the donor reserves the right to the income from the gift for life or some other stipulated period, has this principal amount been recorded as deferred support in the balance sheet in the period the gift is received? [SOP 78-10, par. 121]	—	—	—
5. Has the amount previously recorded as deferred support been reflected as support or a capital addition at the future date when the terms of the annuity or life income gift was met? [SOP 78-10, par. 121]	—	—	—
J. Expenses			
1. Allocation of Expenses			
a. Has a reasonable allocation of the organization's functional expenses been made to various programs and supporting services? [SOP 78-10, par. 97 and par. 100]	—	—	—
b. Have these allocations been disclosed in the notes to financial statements? [SOP 78-10, par. 100]	—	—	—
2. Is the cost of the pension plan(s) accounted for in conformity with applicable pronouncements? [APB 8, pars. 8-45 (AC P15.101, P15.103-.107, P15.109-.129 and P15.133); FASBI 3 (AC P15.108); SFAS 74, par. 3 (AC C45.103)]	—	—	—
3. For deferred compensation agreements, are estimated amounts to be paid properly accrued? [APB 12, pars. 6-8 (AC C38.101-.102)]	—	—	—

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
4. Are grants to other organizations recorded as expenses and liabilities at the time recipients are entitled to them? (Normally this occurs when the board approves a specific grant or notifies the grantee.) [SOP 78-10, par. 101]	___	___	___
5. Do fund-raising expenses include any applicable portion of management salaries, depreciation and other occupancy expenses? [SOP 78-10, par. 98]	___	___	___
K. Remittances to National Organizations			
When the organization remits a portion of their receipts to an affiliated state or national organization is this amount properly reported? [SOP 78-10, par. 90; (VHW, p. 29)]	___	___	___
L. Prior Period Adjustments			
1. Are prior period adjustments limited to: correction of an error(s) in financial statements of prior periods? [SFAS 16, par. 11 (AC A35.103)]	___	___	___
2. Are prior period adjustments and their resulting effects appropriately disclosed? [APB 9, par. 26 (AC C35.107)]	___	___	___
M. Wills or Trusts			
If the organization is certain to receive sizeable, but indeterminable amounts under a will or trust, did the organization make adequate disclosure in a footnote to the financial statements regardless of the period of time which is estimated to elapse before the date of receipt? [FASB 5, par. 17 (AC C59.118); SAS 32 (AU 431.02)]	___	___	___

Disclosure Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
.07 Additional Financial Statements			
A. Statement of Changes in Financial Position			
1. If required by SOP 78-10, is a statement of changes in financial position presented as a basic financial statement for each period for which an activity statement or statements of support, revenue and expenses is presented? [APB 19, par. 7 (AC F40.101)] [SOP 78-10, par. 17, Exhibit C]	—	—	—
2. Does the format provide the most useful portrayal of the reporting entity's financing and investing activities and changes in financial position and functional expenses? [APB 19, par. 11 (AC F40.105)]	—	—	—
3. Does the statement of changes in financial position disclose all important aspects of financing and investing activities regardless of whether cash or other elements of working capital are directly affected? [APB 19, par. 8 (AC F40.101-.102)] [SOP 78-10, pars. 32, 33 and 34]	—	—	—
4. Does the statement of changes in financial position:			
a. Begin with excess (deficiency) of support and revenue over expenses before capital additions or similar captions? [SOP 78-10, Exhibits 5C, 6D, 8C, 9C, 10C and 12C]	—	—	—
b. Present additions or deductions of items recognized in determining income or loss that did not provide or use working capital or cash? [APB 19, par. 10 (AC F40.104)] [SOP 78-10, Exhibits 6D, 8C, 9C, 10C and 12C]	—	—	—

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
c. Individually disclose the effects of other financing and investing activities including:			
(1) Outlays for purchase of long-term assets? [SOP 78-10, Exhibits 6D and 8C]	---	---	---
(2) Proceeds from sale of long-term assets? [SOP 78-10, Exhibit 5C]	---	---	---
(3) Issuance, assumption, redemption and repayment of long-term debt? [SOP 78-10, Exhibits 4C and 6D]	---	---	---
d. Are net changes in each element of working capital disclosed? [APB 19, par. 12 (AC F40.106)] [SOP 78-10, Exhibits 6D, 8C, and 10C]	---	---	---
B. Statement of Functional Expenses			
1. If required by the Audit Guide for Voluntary Health and Welfare Organizations is a statement of functional expenses presented as a basic financial statement for each period for which a statement of support revenue and expenses is presented? [VHW, p. 29, 44-45]	---	---	---
2. Does the statement of functional expenses contain sufficient information to enable a reader to obtain a general understanding of the nature of the costs of carrying out the organization's activities? [VHW, p. 29]	---	---	---

Disclosure Checklist

Yes No N/A**.08 Tax Status**

1. Do the financial statements, footnotes and other disclosures in the annual report contain any information or language which may adversely affect the organization's tax status, as for example:
- a. Cause the IRS to assert that the entity is a private foundation (if it is not)?
- b. Cause the IRS to claim that the organization is subject to the tax on unrelated business income?
- c. Result in the organization being subject to any penalties or taxes (for example, for excess lobbying activities, private investments, independent investments, unreasonable compensation, activities not in accordance with the organization's exempt status)?
2. If the entity's tax exempt status is in question by the IRS, is the impact disclosed in a footnote?
[FASB 5 (pars. 1,39) (AC C59.101, C59.145)]

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

.09 Federal Grants to Nonprofit Organizations

1. In-Kind Contributions from Non-Federal Third Parties:
- a. Have volunteer services by outside contributors been disclosed?
[OMB Circular No. A-110, par. 980]
- b. Has the basis for determining the valuation for personal services, material, equipment, buildings and land been disclosed?
[OMB Circular No. A-110, par. 980]
2. Do the organization's financial statements show accurate, current and complete disclosure of the financial results separately for each federally sponsored project or program?
[OMB Circular No. A-110, par. 981]

_____	_____	_____
_____	_____	_____
_____	_____	_____

Nonprofit Organizations Financial Statements and Notes Checklist

	<u>Yes</u>	<u>No</u>	<u>N/A</u>
3. Financial Reporting Requirements			
Have the following disclosures of OMB Circular A-110 been made in the financial statements?	___	___	___
a. Summarization of expenditures made and unexpended Federal Funds shown for each award?	___	___	___
b. Status of Federal cash advanced? [OMB Circular No. A-110, par. 982]	___	___	___
4. Where property was acquired with Federal funds and remains in the grantee's possession at conclusion of the grant period do the financial statements disclose what the final disposition will be? [OMB Circular A-110, par. 989 - Attachment N]	___	___	___

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