

Sample Engagement Letter—Management Use Only Financial Statements**

**This illustrative engagement letter appears in SSARS AR§100.100

Address

Salutation

This letter is to confirm our understanding of the terms and objectives of our engagement and the nature and limitations of the services we will provide.

We will perform the following services:

We will compile, from information you provide, the [monthly, quarterly, or other frequency] financial statements of ABC Company for the year 20XX.

We will compile the financial statements in accordance with Statements on Standards for Accounting and Review Services adopted by the Independent Accountants Association of Michigan. A compilation is limited to presenting, in the form of financial statements, information that is the representation of management. We will perform no level of service beyond that of compilation and, accordingly, will not express an opinion or any other form of assurance on the financial statements.

The financial statements will not be accompanied by a report. Based upon our discussions with you, these statements are for management's use only and are not intended for third-party use.

Material departures from generally accepted accounting principles (GAAP) or other comprehensive basis of accounting (OCBOA) may exist and the effects of those departures, if any, on the financial statements may not be disclosed. In addition substantially all disclosures required by GAAP or OCBOA may be omitted. [*The accountant may wish to identify known departures.*] Notwithstanding these limitations, you represent that you have knowledge about the nature of the procedures applied and the basis of accounting and assumptions used in the preparation of the financial statements that allows you to place the financial information in the proper context. Further, you represent and agree that the use of the financial statements will be limited to members of management with similar knowledge.

The financial statements are intended solely for the information and use of [*include list of specified members of management*] and are not intended to be and should not be used by any other party [*optional*].

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts that may exist. However, we will inform the appropriate level of management of any material errors and any evidence or information that comes to our attention during the performance of our compilation procedures, that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our compilation procedures, regarding illegal acts that may have occurred unless they are clearly inconsequential.

We are not independent with respect to [*name of entity*] [*if applicable*].

As part of our engagement, we will also [*list any non-attest services to be provided, if applicable, such*

as income tax preparation and bookkeeping services].

You are responsible for

- (a) Making all management decisions and performing all management functions;
- (b) Designating an individual who possesses suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services;
- (c) Evaluating the adequacy and results of the services performed;
- (d) Accepting responsibility for the results of the services; and
- (e) Establishing and maintaining internal controls, including monitoring ongoing activities.

The other data accompanying the financial statements are presented only for supplementary analysis purposes and will be compiled from information that is the representation of management, without audit or review, and we do not express an opinion or any other form of assurance on such data [*if applicable*].

Our fees for these services . . .

Should you require financial statements for third-party use, we would be pleased to discuss with you the requested level of service. Such engagement would be considered separate and not deemed to be part of the services described in this engagement letter.

We will be pleased to discuss this letter with you at any time.

If the foregoing is in accordance with your understanding, please sign the copy of this letter in the space provided and return it to us.

Sincerely,

[*Signature of Accountant*]

Accepted and agreed to: ABC Company

(Signature and Title)

(Date)

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