

Assurance Options



Assurance Engagements

- Audit
- Review
- Compilation
- Agreed-Upon Procedures (AUP)

Audit

Pros

- Highest level of assurance
- Assesses and communicates control deficiencies that rise to the level of material weaknesses or significant deficiencies

Cons

- Significant preparatory burden on nonprofit's accounting staff
- Most expensive option

Review

Pros

- Less costly than an audit

Cons

- Assurance level is much lower than an audit
- Internal controls are not considered in a review
- May not be accepted by lenders and other financial statement users

Compilation

Pros

- Provides a second set of eyes and advice on presentation matters

Cons

- No opinion is issued as to whether the financial statements are fairly presented or require any material modifications to be in conformity with GAAP

Agreed-Upon Procedures

Pros

- Deeper dive into an area of concern
- Offers timing flexibility, reducing the burden on staff
- Cost flexibility (pick and choose which procedures are performed)

Cons

- CPA does not perform an examination or review and does not provide an opinion or negative assurance