

[Your firm name and logo]

[Firm name]

[Firm address]

[Date]

[Owner or CFO name]

[Company legal name]

[Company address]

Re: Compilation of financial statements for [period]

Dear [Owner or CFO name],

What we will compile

You have asked us to compile the [balance sheet as of (date) and the related statements of income, retained earnings and cash flows for the (period) then ended] of [Company legal name], prepared in accordance with [the income tax basis / accounting principles generally accepted in the United States of America], and to issue a compilation report on them.

Objective

Our objective is to apply accounting and financial reporting expertise to assist you in presenting financial information in the form of financial statements, without undertaking to obtain or provide any assurance that no material modifications are needed for them to follow [framework].

Our responsibilities

We will conduct the compilation under the Statements on Standards for Accounting and Review Services issued by the AICPA. We will read the statements for obvious material errors and in light of the framework. If we become aware that the records or statements are incomplete or contain errors, we will ask you for corrected information.

Limitations

A compilation does not include inquiries, analytical procedures or the other work of a review, nor the testing of an audit. We will express no opinion, conclusion or other form of assurance. A compilation cannot be relied on to disclose errors, fraud or illegal acts, although we will tell you of any that come to our attention, unless they are clearly inconsequential.

Your responsibilities

You are responsible for: (a) preparing and fairly presenting the financial statements in accordance with [framework], including all informative disclosures appropriate for that framework [unless you elect to omit them as described below]; (b) selecting the financial reporting framework; (c) designing, implementing and maintaining internal control over the preparation and fair presentation of the statements; (d) preventing and detecting fraud; (e) making sure the company complies with the laws and regulations that apply to it; (f) the accuracy and completeness of the records, documents and explanations you give us; (g) giving us access to the people and information we need; and (h) including our compilation report in any document that contains the statements and says we compiled them.

Records schedule

You will send the items on Schedule 1 by [date], including the trial balance, monthly bank and credit card statements with reconciliations, receivable and payable listings, loan and mortgage statements, fixed asset

invoices and payroll summaries. We will deliver the statements [number] business days after the last item arrives. Records that need cleanup before we can compile them are billed at [rate].

Omitted disclosures (optional)

You have elected to omit substantially all the disclosures [and the statement of cash flows] required by [framework]. Our compilation report will state this. If the omitted disclosures were included, they might influence a reader's conclusions about the company's financial position.

Independence (optional)

Because we [maintain your books / have a financial interest in the company], we are not independent with respect to [Company legal name]. Our compilation report will include a final paragraph stating that we are not independent.

Bookkeeping and tax services (optional)

We will also [record monthly transactions / prepare the federal and state income tax returns]. You designate [name], who has suitable skill and knowledge, to oversee these services, evaluate their results and accept responsibility for them.

Our compilation report

We expect to issue a compilation report stating that we did not audit or review the statements and do not express an opinion, conclusion or any assurance on them. Our report may differ from this form if circumstances require, and we may withdraw if we cannot complete the compilation.

Use by lenders and others

You may give the compiled statements to [lender, surety or landlord name]. Any copy that refers to our firm must include our compilation report.

Fees

Our fee is [amount] for each [monthly / quarterly / annual] compilation, invoiced on delivery and due within [number] days.

Records retention and disputes

Our working papers are the property of [Firm name] and will be kept for [retention period]; your original records will be returned to you. Any dispute about our services will first go to non-binding mediation in [city, state]. This letter is governed by the laws of [state].

Agreement

Please sign below to show that you agree with these terms. They will continue for later periods until either of us changes them in writing.

Sincerely,

[Firm name]

[Accountant name], CPA

Signature: _____ Date: _____

Agreed for [Company legal name]:

[Owner or CFO name], [Title] Signature: _____ Date: _____