

Independent Accountant's Report

To Management
Thomson Reuters (Tax and Accounting) Inc.

We have examined:

- *PPC's Guide to Compilation and Review Engagements*, May 31, 2023, 45th Edition, available in print and online at Checkpoint.RIAG.com (the "quality control materials" or QCM)
- The accompanying description, "Description as of February 9, 2024, of the Content of *PPC's Guide to Compilation and Review Engagements*, May 31, 2023, 45th Edition" (the "Description")

Management of Thomson Reuters (Tax and Accounting) Inc. is responsible for the QCM and the Description being in accordance with the QCM Content Criteria and the Description Criteria, respectively (collectively, the "QCM Criteria"), included in Attachment A. Our responsibility is to express an opinion on the QCM and the Description based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the QCM and the Description are in accordance with the QCM Criteria in all material respects. An examination involves performing procedures to obtain evidence about the QCM and the Description. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the QCM and the Description, whether due to fraud or error. In making an assessment of the risks of material misstatement, we considered and obtained an understanding of internal control relevant to the subject matter in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of internal control. Accordingly, no such opinion is expressed. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, in all material respects:

- The QCM is presented in accordance with the QCM Content Criteria specified in Attachment A
- The Description is presented in accordance with the Description Criteria specified in Attachment A

This report is intended solely for the information and use of management of Thomson Reuters (Tax and Accounting) Inc., users and potential users of the QCM, and users' peer reviewers and regulators.

This report is not intended to be, and should not be, used by anyone other than these specified parties.

Plante & Moran, PLLC

February 14, 2024

Attachment A: QCM Content Criteria and Description Criteria

QCM Content Criteria

The quality control materials (QCM) are in accordance with the following criteria:

CC1: The quality control materials content accurately reflects the standards and interpretive guidance addressed by the QCM and addresses the standards and interpretive guidance in the manner described in the description, including the following:

- a. QCM content reproduced in whole or in part from standards and interpretive guidance does the following:
 - i. Appropriately references the relevant standards and interpretive guidance to enable user firms to locate the content
 - ii. Agrees with the relevant standards and interpretive guidance
- b. QCM content derived from the standards and interpretive guidance explains, elaborates, interprets, or paraphrases the relevant standards and interpretive guidance in a manner that does not change the meaning and intent of the standards and interpretive guidance.
- c. QCM content that illustrates the application of the relevant standards and interpretive guidance is not in conflict with the standards and interpretive guidance.

CC2: QCM content

- a. Identifies assumptions or judgments made in developing QCM content related to the relevant standards and interpretive guidance, if any
- b. Identifies QCM content that is based on widely recognized or generally accepted practice rather than on the relevant standards and interpretive guidance
- c. Identifies QCM content that represents the QCM provider's opinion or interpretation of the relevant standards and interpretive guidance
- d. Uses the same terminology and definitions used in the relevant standards and interpretive guidance

CC3: QCM content does not omit relevant principles, topics, requirements, considerations, procedures, or other aspects of the relevant standards and interpretive guidance.

CC4: If the description indicates that a purpose of the QCM content is to provide a means to document compliance with the standards and interpretive guidance that the QCM address, the QCM content enables user firms to do so.

Description Criteria

The description of the content of quality control materials (the "Description") contains the following information:

DC1: An identification of the quality control materials addressed by the Description, including the following:

- a. The title of the QCM, including the version name, number, or date
- b. An indication of all formats in which the QCM are provided and, if the QCM are in the format of application software, all delivery methods

DC2: An identification of any elements of the QCM content that are provided by another QCM provider

**Attachment A: QCM Content Criteria and Description Criteria
(Continued)**

DC3: An identification of any elements (parts) of the QCM content that are not addressed by the description. If applicable, identify how the elements relate to the entire QCM.

DC4: The date of the description

DC5: A statement that “[*Identification of the QCM addressed by the description*] are quality control materials (QCM). The AICPA defines QCM as materials (for example, manuals or tools), including industry- or subject matter-specific materials, intended to enable the operation of a firm’s system of quality control and promote consistency in performing quality engagements. QCM may be made available through technology, for example, through automated tools and techniques, and IT applications. QCM address standards and interpretive guidance related to accounting; audit, attestation, review, compilation, or preparation engagements or other services that CPA firms may provide; or ethics, independence, quality control, quality management, peer review, or practice monitoring related to those services.”

DC6: An identification of the characteristics of the QCM, including the following:

- a. The type of QCM (what the QCM are) and purpose of the type of QCM
- b. The topics addressed by the QCM
- c. If the QCM are intended to be used for a specific type of engagement or specific aspects of an engagement, an identification of the characteristics of that engagement, including the following:
 - i. The relevant characteristics of the type of client for which the QCM are intended to be used, including the following:
 - Area of practice
 - Industry
 - Form or type of organization
 - Operational characteristics
 - ii. The characteristics of the type of engagement for which the QCM are intended to be used, including the following:
 - Area of service
 - Level of service
 - Unique characteristics of the engagement

DC7: An identification of any other QCM intended to be used in conjunction with the QCM content

DC8: An identification of the standards and interpretive guidance relevant to the QCM that the QCM address, including the following:

- a. The standard-setting body that issued the standards and interpretive guidance
- b. Either:
 - i. The date through which the QCM address issued and effective standards and interpretive guidance (date approach)
 - ii. The number and title of the most recently issued and effective standards and interpretive guidance addressed by the QCM (title approach)

**Attachment A: QCM Content Criteria and Description Criteria
(Continued)**

DC9: An identification of standards and interpretive guidance relevant to the QCM that were issued and effective up to the date (if using the date approach referred to in DC8bi) or the number and title (if using the title approach referred to in DC8bii) but:

- a. Not addressed by the QCM
- b. Not fully addressed by the QCM, including why the relevant standards and guidance were not fully addressed, and how they were addressed by the QCM

DC10: A description of how the QCM addresses standards and interpretive guidance relevant to the QCM that were issued but not effective up to the date (if using the date approach referred to in DC8bi) or the number and title (if using the title approach referred to in DC8bii), including the following:

- a. The title and effective date of the standards and interpretive guidance
- b. Whether the standards and interpretive guidance are addressed by the QCM and, if so, how they are addressed
- c. Whether the standards and interpretive guidance allow for early implementation or adoption

DC11: A description of the QCM provider's policy for updating the QCM content, including the nature and anticipated timing of updates

DC12: A statement that user firms are responsible for the following:

- a. Determining whether the QCM are suitable for the user firm's purposes
- b. Understanding that the QCM are not intended to be a substitute for the standards and interpretive guidance, an evaluation thereof, or professional judgment
- c. Using the most up-to-date QCM available that are applicable in the circumstances, including accessing and using the most recent and effective relevant standards and interpretive guidance that are not addressed or not fully addressed by the QCM
- d. Properly implementing the QCM and using professional judgment in the application of the QCM based on the facts and circumstances (for example, of each engagement)
- e. Providing the appropriate training for the use of the QCM and performing the appropriate supervision and review procedures regarding the use of the QCM based on the skill, training, knowledge, and experience of individual users within the user firm
- f. Identifying that there may be certain facts, circumstances, risk factors, or specific issues that exist for a particular client, engagement, or user firm that may not be addressed by the QCM; in that case, understanding that the QCM will require tailoring and augmentation to address such facts, circumstances, risk factors, or specific issues
- g. Monitoring the activities of standard-setting bodies for changes that would affect the user firm, including amendments of standards and interpretive guidance and deferrals of effective dates
- h. Complying with relevant professional standards and interpretive guidance
- i. Understanding that the effectiveness of the QCM is dependent on the user firm fulfilling the preceding responsibilities and the effectiveness of its actions

Description as of February 9, 2024 of the Content of *PPC's Guide to Compilation and Review Engagements*, May 31, 2023, 45th Edition

PPC's Guide to Compilation and Review Engagements, May 31, 2023, 45th Edition (the "Guide"), is available in print and online at Checkpoint.RIAG.com. The Guide consists of chapter text and multiple practice aids, including illustrative accountant's reports, engagement programs, checklists, and correspondence letters. These practice aids are included in this description and are available as uneditable PDFs on Checkpoint.RIAG.com as part of the Guide.

PPC's Workflow Tools are not included in this description. The Workflow Tools, which are designed to enhance productivity, efficiency, and quality when used in combination with the Guide, include PPC's Practice Aids, Checkpoint Engage, and PPC's SMART Practice Aids.

- PPC's Practice Aids: Compilation and Review Engagements (version 5/23) are editable Microsoft Word and Excel versions of all practice aids in the Guide and may be used alone or through Checkpoint Engage or SMART Practice Aids.
- Checkpoint Engage is a fully integrated online engagement solution that provides enhanced technological functionality of the content and engagement methodology in the Guide, while SMART Practice Aids is a desktop application that provides similar functionality.

Definition of QCM

PPC's Guide to Compilation and Review Engagements is quality control materials (QCM). The American Institute of Certified Public Accountants (AICPA) defines QCM as materials (for example, manuals or tools), including industry- or subject matter-specific materials, intended to enable the operation of a firm's system of quality control and promote consistency in performing quality engagements. QCM may be made available through technology, for example, through automated tools and techniques, and IT applications.

QCM address standards and interpretive guidance related to accounting; audit, attestation, review, compilation, or preparation engagements or other services that CPA firms may provide; or ethics, independence, quality control, quality management, peer review, or practice monitoring related to those services.

Other QCM Providers

The elements of the QCM provided and within this description are delivered by Thomson Reuters (Tax and Accounting) Inc. (Thomson Reuters) and no other QCM provider.

Characteristics of the QCM

The Guide provides the following:

- A full set of guidance and practice aids to perform compilations and reviews in accordance with Statements on Standards for Accounting and Review Services (SSARs) of the financial statements of nonpublic for-profit entities, regardless of ownership structure, prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
- Limited guidance and practice aids for compilations of financial statements included in a prescribed form and limited guidance and practice aids for compilations and reviews of personal financial statements.
- Limited guidance and practice aids for preparations of financial statements in accordance with U.S. GAAP and for compilations and reviews of financial statements presented in accordance with a special purpose framework.

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The practice aids provide a means to document compliance with relevant standards and interpretive guidance and include illustrative accountant's reports; engagement, management representation, and other illustrative letters; checklists; and engagement programs. The unique characteristics and the necessary responses and procedures that would apply to certain specialized industries or entities are not addressed within this Guide. Also, preparation or compilation of prospective financial information is not addressed within this Guide.

The Guide addresses engagement-level quality control requirements but does not address firm-level quality control system requirements. Consequently, the Guide is intended to be used in conjunction with *PPC's Guide to Quality Control* or *PPC's Guide to Quality Control - Compilation and Review*.

Relevant Standards and Interpretive Guidance Addressed by the Guide

Preparation, Compilation, and Review Standards and Interpretive Guidance

The Guide addresses relevant preparation, compilation, and review standards and interpretive guidance issued and effective by the Accounting and Review Services Committee (ARSC) of the AICPA through May 31, 2023.

The following preparation, compilation, and review standard was issued before May 31, 2023; is not fully effective at the time of publication; and is not fully incorporated into the Guide:

- SSARS No. 26, *Quality Management for an Engagement Conducted in Accordance With Statements on Standards for Accounting and Review Services*, was issued in June 2022 and is effective for engagements performed in accordance with SSARSs for periods ending on or after December 15, 2025, other than the amendment to AR-C 90.16, which was effective upon issuance. The amendment to AR-C 90.16 is fully incorporated into the Guide. The Guide provides an overview of the other provisions of SSARS No. 26; however, the other requirements have not been incorporated into this edition of the Guide. It is expected to be fully incorporated into a future edition of the Guide. SSARS No. 26 does not prohibit early implementation.

The Guide addresses the AICPA Guide, *Preparation, Compilation, and Review Engagements*, as of August 1, 2021.

Accounting Standards and Interpretive Guidance

The primary focus of the Guide is on AICPA engagement standards rather than accounting standards; however, it does provide limited accounting guidance about standards that have wide applicability. In addition, accounting standards with disclosure requirements are included in the Disclosure Checklists (Appendices 5C-1 and 5C-2).

The Guide addresses relevant accounting standards issued and effective by the Financial Accounting Standards Board (FASB) through May 31, 2023 and up to FASB Accounting Standards Update (ASU) No. 2023-02, *Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*.

Although not fully effective at the time of publication, the following relevant accounting standards were issued before May 31, 2023, and dual guidance is provided except as noted:

- ASU No. 2020-06, *Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, is effective for fiscal years beginning after December 15, 2023, including interim periods within those years. Early adoption is permitted.

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- ASU No. 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, is effective for fiscal years beginning after December 15, 2023, including interim periods within those years. Early adoption is permitted.
- ASU No. 2022-01, *Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method*, is effective for fiscal years beginning after December 15, 2023, including interim periods within those years. Early adoption is permitted.
- ASU No. 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*, is effective for fiscal years beginning after December 15, 2024, including interim periods within those years. Early adoption is permitted for financial statements that have not been made available for issuance.
- ASU No. 2022-04, *Liabilities - Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*, is effective for fiscal years beginning after December 15, 2022, including interim periods within those years, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023.
- ASU No. 2023-01, *Leases (Topic 842): Common Control Arrangements*, is effective for fiscal years beginning after December 15, 2023, including interim periods within those years. Early adoption is permitted. The Disclosure Checklist has not been updated with the corresponding disclosure requirements.
- ASU No. 2023-02, *Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method*, is effective for fiscal years beginning after December 15, 2024, including interim periods within those years. Early adoption is permitted. The Disclosure Checklist has not been updated with the corresponding disclosure requirements.

Policy for Updating the QCM Content

Thomson Reuters updates *PPC's Guide to Compilation and Review Engagements* annually and generally releases a new edition each summer to reflect changes in standards and interpretive guidance, content enhancements, and the corrections of minor errors not previously updated. The Guide referenced herein was completed on May 31, 2023, and no changes have been made to this specific edition of the Guide since then.

User Firm Responsibilities

User firms are responsible for the following:

- a. Determining whether the QCM are suitable for the user firm's purposes
- b. Understanding that the QCM are not intended to be a substitute for the standards and interpretive guidance, an evaluation thereof, or professional judgment
- c. Using the most up-to-date QCM available that are applicable in the circumstances, including accessing and using the most recent and effective relevant standards and interpretive guidance that are not addressed or not fully addressed by the QCM
- d. Properly implementing the QCM and using professional judgment in the application of the QCM based on the facts and circumstances (for example, of each engagement).
- e. Providing the appropriate training for the use of the QCM and performing the appropriate supervision and review procedures regarding the use of the QCM based on the skill, training, knowledge, and experience of individual users within the user firm

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- f. Identifying that there may be certain facts, circumstances, risk factors, or specific issues that exist for a particular client, engagement, or user firm that may not be addressed by the QCM; in that case, understanding that the QCM will require tailoring and augmentation to address such facts, circumstances, risk factors, or specific issues
- g. Monitoring the activities of standard-setting bodies for changes that would affect the user firm, including amendments of standards and interpretive guidance and deferrals of effective dates
- h. Complying with relevant professional standards and interpretive guidance
- i. Understanding that the effectiveness of the QCM is dependent on the user firm fulfilling the preceding responsibilities and the effectiveness of its actions