What is the Difference between a Notice to Reader Engagement and a Review Engagement?

Definition of a Notice to Reader Engagement

Compilation or Notice to Reader engagements are services provided by our firm for those who require assistance in compiling financial statements from information they have, but who do not require that we provide any assurance regarding such statements. In a compilation engagement, the financial statements need not necessarily be in accordance with generally accepted accounting principles (GAAP) (for example, the statements may lack disclosure required by generally accepted accounting principles or be prepared on a cash basis). Nevertheless, such statements may be appropriate for users such as management who are aware of the possible limitations of the statements. These statements are not appropriate for general use distribution and should not be provided to third party users unless they are informed of the aforementioned limitations inherent in the statements.

Definition of a Review Engagement

A review engagement is a service provided by our firm for those that require a degree of assurance that the financial statements were produced in accordance with generally accepted accounting principles. A review offers a plausible level of assurance but is does not offer any guarantees. Review engagements offer more assurance than a compilation or NTR, but less than an audit. "A review consists primarily of enquiry, analytical procedures and discussion related to information supplied to the public accountant by the enterprise with the limited objective of assessing whether the information being reported on is plausible within the framework of appropriate criteria (GAAP)." A review report is considerably more detailed and subsequently involves a much higher fee than a Notice to Reader.

Assurance Level Comparison of Services

Engagement Type

Compilation or NTR — Review Engagement — Audit

None — Medium — High

Level of Assurance

We recommend that you review with your banker or other third party stakeholders the reporting requirements for your financial statement

CC&C Professional Corporation CHARTERED ACCOUNTANT