



Agenda Item 6D

Illustrative Auditor's Report — PCAOB Reproposal

Report of Independent Registered Public Accounting Firm

Addressee

Opinion on the Financial Statements (Note 8)

We have audited the accompanying balance sheets of X Company (“the Company”) as of December 31, 20X2 and 20X1, the related statements of operations, stockholders’ equity, and cash flows, for each of the three years in the period ended December 31, 20X2, and the related notes [*and schedules*] (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of [at] December 31, 20X2 and 20X1, and the results of its operations and its cash flows for each of three years in the period ended December 31, 20X2, in conformity with [*the applicable financial reporting framework*]. (Note 9)

Basis for Opinion (Note 10)

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. (Note 11) We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. (Note 12)

We conducted our audits in accordance with the standards of the PCAOB. (Note 13) Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. (Note 14) Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. (Note 14) Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. (Note 15) Our audits also include evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. (Note 14) We believe that our audits provide a reasonable basis for our opinion. (Note 16)

Critical Audit Matters [if applicable] (Note 17)

The critical audit matters communicated below are matters arising from the current period audit that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our

especially challenging, subjective, or complex judgments. Critical audit matters do not alter in any way our opinion on the financial statements, taken as a whole, and we do not provide separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

[Include critical audit matters]

[Signature]

We have served as the Company's auditors since [year] (Note 18)

[Date]

Notes 1-7 are in the illustrative AU-C 700 proposed wording report

- (8) Opinion section required to be presented first (same as ISA 700)
- (9) Comparable to illustrative AU-C 700 proposed wording report
- (10) Basis for Opinion section required to be presented following the Opinion section (same as ISA 700)
- (11) First two sentences are addressed in the Management and Auditor Responsibilities sections, respectively, in the AU-C 700 proposed wording report.
- (12) Wording is similar to AU-C 700 proposed wording report but uses “are required to be independent” rather than an explicit statement of compliance (“we are independent” and “we have fulfilled”).
- (13) No substantive difference from first sentence of Basis for Opinion section in AU-C 700 proposed wording report.
- (14) Addressed in the Auditor's Responsibilities section of the AU-C 700 proposed wording report.
- (15) No specific reference to performing procedures “on a test basis” in the AU-C 700 proposed wording report.
- (16) Wording is essentially the same as the last sentence of the Basis for Opinion section in AU-C 700 proposed wording report. However, AU-C 700 proposed wording refers to audit evidence obtained as the basis for the opinion.
- (17) Slight differences in wording. For example, PCAOB report states “matters ... that were communicated or required to be communicated to the audit committee...” Also a difference in wording due to different definitions of CAM/KAM.
- (18) No comparable requirement in ISA 700, so not included in the AU-C 700 proposed wording report.