

Exhibit F

AU-C Section 560

Subsequent Events and Subsequently Discovered Facts

Source: SAS No. 122; SAS No. 133; SAS No. 135; SAS No. 136.

Effective for audits of financial statements for periods ending on or after December 15, 2012, unless otherwise indicated.

Introduction

Scope of This Section

.01 This section addresses the auditor's responsibilities relating to subsequent events and subsequently discovered facts in an audit of financial statements. It also addresses a predecessor auditor's responsibilities for subsequent events and subsequently discovered facts when reissuing the auditor's report on previously issued financial statements that are to be presented on a comparative basis with audited financial statements of a subsequent period. (Ref: par. .A1)

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.02 Financial statements may be affected by certain events that occur after the date of the financial statements. Many financial reporting frameworks specifically refer to such events. Such financial reporting frameworks ordinarily identify two types of events:

- a. Those that provide evidence of conditions that existed at the date of the financial statements
- b. Those that provide evidence of conditions that arose after the date of the financial statements

.03 Section 700, *Forming an Opinion and Reporting on Financial Statements*, and section 703, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*, explain that the date of the auditor's report informs the user of the auditor's report that the auditor has considered the effect of events and transactions of which the auditor becomes aware and that occurred up to that date.¹ Accordingly, this section addresses the auditor's responsibilities relating to subsequent events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements. It also addresses the auditor's responsibilities relating to subsequently discovered facts that become known to the auditor after the date of the auditor's report. [As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 136.]

¹ Paragraph .A55 of section 700, *Forming an Opinion and Reporting on Financial Statements*, and paragraph .A119 of section 703, *Forming an Opinion and Reporting on Financial Statements of Employee Benefit Plans Subject to ERISA*, as applicable. [As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 136.]

Effective Date

.04 This section is effective for audits of financial statements for periods ending on or after December 15, 2012.

Objectives

.05 The objectives of the auditor are to

- a. obtain sufficient appropriate audit evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework and
- b. respond appropriately to facts that become known to the auditor after the date of the auditor's report that, had they been known to the auditor at that date, may have caused the auditor to revise the auditor's report.

.06 The objective of a predecessor auditor who is requested to reissue a previously issued auditor's report on financial statements that are to be presented on a comparative basis with audited financial statements of a subsequent period is to perform specified procedures to determine whether the previously issued auditor's report is still appropriate before such report is reissued.

Definitions

.07 For purposes of generally accepted auditing standards, the following terms have the meanings attributed as follows:

Date of the auditor's report. The date that the auditor dates the report on the financial statements, in accordance with sections 700 or 703.² (Ref: par. .A14)

Date of the financial statements. The date of the end of the latest period covered by the financial statements.

Subsequent events. Events occurring between the date of the financial statements and the date of the auditor's report.

Subsequently discovered facts. Facts that become known to the auditor after the date of the auditor's report that, had they been known to the auditor at that date, may have caused the auditor to revise the auditor's report.

[As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 136]

.08 Reference to *audited financial statements* in this section means *the financial statements, together with the auditor's report thereon*.

Requirements

Subsequent Events

.09 The auditor should perform audit procedures designed to obtain sufficient appropriate audit evidence that all subsequent events that require

² Paragraph .43 of section 700, or paragraphs .82 and .126 of section 703. [As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 136.]

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adjustment of, or disclosure in, the financial statements have been identified. The auditor is not, however, expected to perform additional audit procedures on matters to which previously applied audit procedures have provided satisfactory conclusions. (Ref: par. .A2–.A3)

.10 The auditor should perform the procedures required by paragraph .09 so that they cover the period from the date of the financial statements to the date of the auditor's report or as near as practicable thereto. The auditor should take into account the auditor's risk assessment in determining the nature and extent of such audit procedures, which should include the following: (Ref: par. .A4–.A5 and .A8–.A10)

- a. Obtaining an understanding of any procedures that management has established to ensure that subsequent events are identified
- b. Inquiring of management and, when appropriate, those charged with governance about whether any subsequent events have occurred that might affect the financial statements (Ref: par. .A6)
- c. Reading minutes, if any, of the meetings of the entity's owners, management, and those charged with governance that have been held after the date of the financial statements and inquiring about matters discussed at any such meetings for which minutes are not yet available (Ref: par. .A4 and .A7)
- d. Reading the entity's latest subsequent interim financial statements, if any

.11 If, as a result of the procedures performed as required by paragraphs .09–.10, the auditor identifies subsequent events that require adjustment of, or disclosure in, the financial statements, the auditor should determine whether each such event is appropriately reflected in the financial statements in accordance with the applicable financial reporting framework.

Subsequently Discovered Facts That Become Known to the Auditor Before the Report Release Date

.12 The auditor is not required to perform any audit procedures regarding the financial statements after the date of the auditor's report. However, if a subsequently discovered fact becomes known to the auditor before the report release date,³ the auditor should

- a. discuss the matter with management and, when appropriate, those charged with governance.
- b. determine whether the financial statements need revision and, if so, inquire how management intends to address the matter in the financial statements.⁴

.13 If management revises the financial statements, the auditor should perform the audit procedures necessary in the circumstances on the revision. The auditor also should either (Ref: par. .A11–.A16)

³ The term *report release date* is defined in paragraph .06 of section 230, *Audit Documentation*.

⁴ There may be instances in which the auditor applies the relevant requirements in this section after the date of the auditor's report as described in section 925, *Filings With the U.S. Securities and Exchange Commission Under the Securities Act of 1933*, and section 945, *Auditor Involvement With Exempt Offering Documents*. [Footnote added, effective for exempt offering documents with which the auditor is involved that are initially distributed, circulated, or submitted on or after June 15, 2018, by SAS No. 133.]

- a. date the auditor's report as of a later date; extend the audit procedures referred to in paragraphs .09–.10 to the new date of the auditor's report on the revised financial statements; and request written representations from management as of the new date of the auditor's report, in accordance with the requirements of section 580, *Written Representations*, or
- b. include an additional date in the auditor's report on the revised financial statements that is limited to the revision (that is, dual-date the auditor's report for that revision), thereby indicating that the auditor's procedures subsequent to the original date of the auditor's report are limited solely to the revision of the financial statements described in the relevant note to the financial statements. In this circumstance, the auditor should request written representations from management as of the additional date in the auditor's report about whether
 - i. any information has come to management's attention that would cause management to believe that any of the previous representations should be modified.
 - ii. any other events have occurred subsequent to the date of the financial statements that would require adjustment to, or disclosure in, those financial statements.

.14 If management does not revise the financial statements in circumstances when the auditor believes they need to be revised, the auditor should modify the opinion (express a qualified opinion or an adverse opinion), as required by section 705, *Modifications to the Opinion in the Independent Auditor's Report*. (Ref: par. .A17)

Subsequently Discovered Facts That Become Known to the Auditor After the Report Release Date

.15 If a subsequently discovered fact becomes known to the auditor after the report release date, the auditor should (Ref: par. .A18–.A20)

- a. discuss the matter with management and, when appropriate, those charged with governance.
- b. determine whether the financial statements need revision and, if so, inquire how management intends to address the matter in the financial statements.

.16 If management revises the financial statements, the auditor should

- a. apply the requirements of paragraph .13.
- b. if the audited financial statements (before revision) have been made available to third parties, assess whether the steps taken by management are timely and appropriate to ensure that anyone in receipt of those financial statements is informed of the situation, including that the audited financial statements are not to be relied upon. If management does not take the necessary steps, the auditor should apply the requirements of paragraph .18. (Ref: par. .A21–.A22)
- c. if the auditor's opinion on the revised financial statements differs from the opinion the auditor previously expressed, disclose the following matters in an emphasis-of-matter or other-matter paragraph, in accordance with section 706, *Emphasis-of-Matter*

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Paragraphs and Other-Matter Paragraphs in the Independent Auditor's Report:

- i. The date of the auditor's previous report
- ii. The type of opinion previously expressed
- iii. The substantive reasons for the different opinion
- iv. That the auditor's opinion on the revised financial statements is different from the auditor's previous opinion

.17 If management does not revise the financial statements in circumstances when the auditor believes they need to be revised, then

- a. if the audited financial statements have not been made available to third parties, the auditor should notify management and those charged with governance—unless all of those charged with governance are involved in managing the entity⁵—not to make the audited financial statements available to third parties before the necessary revisions have been made and a new auditor's report on the revised financial statements has been provided. If the audited financial statements are, nevertheless, subsequently made available to third parties without the necessary revisions, the auditor should apply the requirements of paragraph .17b.
- b. if the audited financial statements have been made available to third parties, the auditor should assess whether the steps taken by management are timely and appropriate to ensure that anyone in receipt of the audited financial statements is informed of the situation, including that the audited financial statements are not to be relied upon. If management does not take the necessary steps, the auditor should apply the requirements of paragraph .18. (Ref: par. .A21–.A22)

.18 If management does not take the necessary steps to ensure that anyone in receipt of the audited financial statements is informed of the situation, as provided by paragraphs .16b or .17b, the auditor should notify management and those charged with governance—unless all of those charged with governance are involved in managing the entity⁶—that the auditor will seek to prevent future reliance on the auditor's report. If, despite such notification, management or those charged with governance do not take the necessary steps, the auditor should take appropriate action to seek to prevent reliance on the auditor's report. (Ref: par. .A23–.A26)

Predecessor Auditor's Reissuance of the Auditor's Report in Comparative Financial Statements (Ref: par. .A27–.A28)

Predecessor Auditor's Report Reissued (Ref: par. .A29–.A30)

.19 Before reissuing a previously issued auditor's report on financial statements that are to be presented on a comparative basis with audited financial statements of a subsequent period, the predecessor auditor should perform the following procedures to determine whether the previously issued auditor's report is still appropriate:

⁵ Paragraph .14 of section 260, *The Auditor's Communication With Those Charged With Governance*. [Footnote renumbered by the issuance of SAS No. 133, June 2018.]

⁶ Paragraph .14 of section 260. [Footnote renumbered by the issuance of SAS No. 133, June 2018.]

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- a. Read the financial statements of the subsequent period to be presented on a comparative basis
- b. Compare the prior period financial statements that the predecessor auditor reported on with the financial statements of the subsequent period to be presented on a comparative basis
- c. Inquire of, and request written representations from, management of the former client, at or near the date of reissuance, about whether
 - i. any information has come to management's attention that would cause management to believe that any of the previous representations should be modified
 - ii. any events have occurred subsequent to the date of the latest prior period financial statements reported on by the predecessor auditor that would require adjustment to, or disclosure in, those financial statements
- d. Obtain a representation letter from the successor auditor stating whether the successor auditor's audit revealed any matters that, in the successor auditor's opinion, might have a material effect on, or require disclosure in, the financial statements reported on by the predecessor auditor

.20 If, in performing the procedures in paragraph .19, a subsequently discovered fact becomes known to the predecessor auditor, then

- a. the predecessor auditor should apply the requirements of paragraph .15.
- b. if management revises the financial statements and the predecessor auditor plans to issue a new auditor's report on the revised financial statements, the predecessor auditor should apply the requirements of paragraph .16.
- c. if management revises the financial statements and the predecessor auditor does not plan to issue a new auditor's report on the revised financial statements, or if management does not revise the financial statements in circumstances when the predecessor auditor believes they need to be revised, the predecessor auditor should assess the steps taken by management, as required by paragraph .17b.

Application and Other Explanatory Material

Scope of This Section (Ref: par. .01)

.A1 When audited financial statements are included in other documents subsequent to their issuance, the auditor may have additional responsibilities to consider, such as legal or regulatory requirements involving private placement offerings, exempt public offerings (including offerings pursuant to Securities and Exchange Commission [SEC] Rule 144A), or other offerings of securities to the public in jurisdictions outside the United States. Section 720, *Other Information in Documents Containing Audited Financial Statements*, may be applied, adapted as necessary in the circumstances, to such other documents. Section 925, *Filings With the U.S. Securities and Exchange Commission Under the Securities Act of 1933*, addresses the auditor's responsibilities in connection with financial statements of a nonissuer included in a registration statement filed with the SEC under the Securities Act of 1933, as amended. Section 945,

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Auditor Involvement With Exempt Offering Documents, addresses the auditor's responsibilities when an auditor is involved with an exempt offering document. [As amended, effective for exempt offering documents with which the auditor is involved that are initially distributed, circulated, or submitted on or after June 15, 2018, by SAS No. 133.]

Subsequent Events (Ref: par. .09-.11)

.A2 The period between the date of the financial statements and the date of the auditor's report may vary from a relatively short period to one or more months. Some phases of the audit will be performed during this period, whereas other phases will be substantially completed on or before the date of the financial statements. As an audit approaches completion, the auditor is not expected to perform additional audit procedures on matters to which previously applied audit procedures have provided satisfactory conclusions. New information, however, may be inconsistent with the audit evidence obtained, in which case the auditor is required to determine what modifications or additions to audit procedures are necessary to resolve the matter and consider the effect of the matter, if any, on other aspects of the audit.⁷

.A3 Depending on the auditor's risk assessment, the audit procedures required by paragraphs .09-.10 may include procedures necessary to obtain sufficient appropriate audit evidence involving the review or testing of accounting records or transactions occurring between the date of the financial statements and the date of the auditor's report. The audit procedures required by paragraphs .09-.10 are in addition to procedures that the auditor may perform for other purposes that, nevertheless, may provide evidence about subsequent events (for example, to obtain audit evidence for account balances as of the date of the financial statements, such as cut-off procedures or procedures regarding subsequent receipts of accounts receivable).

.A4 Paragraph .10 stipulates certain audit procedures that the auditor is required to perform pursuant to paragraph .09. However, the subsequent events procedures that the auditor performs may depend on the information that is available and, in particular, the manner in which the accounting records have been maintained and the extent to which information has been prepared since the date of the financial statements. When interim financial statements (whether for internal or external purposes) or minutes of meetings of management or those charged with governance have not been prepared, relevant audit procedures may take the form of inspection of available books and records.

.A5 In addition to the audit procedures required by paragraphs .09-.10, the auditor may consider it necessary and appropriate to read the entity's latest available budgets, cash flow forecasts, and other related management reports for periods after the date of the financial statements. Paragraphs .A6-.A10 provide guidance on additional matters that the auditor may consider in the course of performing subsequent events procedures.

Inquiry (Ref: par. .10b)

.A6 In inquiring of management and, when appropriate, those charged with governance about whether any subsequent events have occurred that might affect the financial statements, the auditor may inquire about the current status of items that were accounted for on the basis of preliminary or inconclusive data and may make specific inquiries about the following matters:

⁷ Paragraph .10 of section 500A, *Audit Evidence*. [Footnote renumbered by the issuance of SAS No. 133, June 2018.]

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- Whether new commitments, borrowings, or guarantees have been entered into
- Whether sales or acquisitions of assets have occurred or are planned
- Whether there have been increases in capital or issuance of debt instruments, such as the issue of new shares or debentures, or an agreement to merge or liquidate has been made or is planned
- Whether any assets have been appropriated by the government or destroyed (for example, by fire or flood)
- Whether there have been any developments regarding contingencies
- Whether any unusual accounting adjustments have been made or are contemplated
- Whether any events have occurred or are likely to occur that will bring into question the appropriateness of accounting policies used in the financial statements, as would be the case, for example, if such events call into question the validity of the going concern assumption
- Whether any events have occurred that are relevant to the measurement of estimates or provisions made in the financial statements
- Whether any events have occurred that are relevant to the recoverability of assets
- Whether there have been any changes in the entity's related parties
- Whether there have been any significant new related party transactions
- Whether the entity has entered into any significant unusual transactions

[As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 135.]

Reading Minutes (Ref. par. .10c)***Considerations Specific to Governmental Entities***

.A7 In audits of governmental entities, the auditor may, in performing the requirement in paragraph .10c, read the official records of relevant proceedings of the legislative or governing body, or other relevant regulatory or oversight body, and inquire about matters addressed in proceedings for which official records are not yet available.

Inquiries of Legal Counsel

.A8 Section 501, *Audit Evidence—Specific Considerations for Selected Items*, addresses the auditor's responsibility to seek direct communication with the entity's legal counsel concerning litigation, claims, and assessments through the date of the auditor's report.

Written Representations

.A9 Section 580 requires the auditor to request that management and, when appropriate, those charged with governance provide written representations as of the date of the auditor's report that all events occurring subsequent

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to the date of the financial statements, and for which the applicable financial reporting framework requires adjustment or disclosure, have been adjusted or disclosed.⁸ The auditor may consider whether written representations covering particular subsequent events or significant matters disclosed to the auditor in the performance of the audit procedures required by paragraphs .09–.10 may be necessary to support other audit evidence to obtain sufficient appropriate audit evidence.

.A10 The applicable financial reporting framework may require management to evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. In most cases, this will result in the date that management discloses as the date through which management has evaluated subsequent events being the same date as the auditor's report. This is because section 700 or section 703 requires the auditor's report to be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the auditor's opinion on the financial statements, including evidence that the audit documentation has been reviewed; that all the statements that comprise the financial statements, including related notes, have been prepared; and that management has asserted that they have taken responsibility for those financial statements.⁹ Also, the auditor is concerned with subsequent events that require adjustment of, or disclosure in, the financial statements through the date of the auditor's report or as near as practicable thereto. Therefore, management's representations concerning events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure are required to be made as of the date of the auditor's report on the financial statements.¹⁰ To align the date disclosed by management in the financial statements, the representation letter date, and the auditor's report date, the auditor may discuss the dating requirements with management and may also include, in the terms of the audit engagement,¹¹ that management will not date the subsequent event disclosure earlier than the date of the representation letter (also the date of the auditor's report). [As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 136.]

Subsequently Discovered Facts That Become Known to the Auditor Before the Report Release Date (Ref: par. .12–.14)

Dating the Auditor's Report on the Revised Financial Statements (Ref: par. .13)

.A11 The auditor has two methods available for dating the auditor's report when the financial statements are revised after the original date of the auditor's report. The auditor may include an additional date limited to the revision (that is, dual-date the auditor's report for that revision) or date the auditor's report

⁸ Paragraph .18 of section 580, *Written Representations*. [Footnote renumbered by the issuance of SAS No. 133, June 2018.]

⁹ Paragraph .43 of section 700, or paragraphs .82 and .126 of section 703. [Footnote renumbered by the issuance of SAS No. 133, June 2018. As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 136.]

¹⁰ Paragraph .20 of section 580. [Footnote renumbered by the issuance of SAS No. 133, June 2018.]

¹¹ Paragraph .A24 of section 210, *Terms of Engagement*. [Footnote renumbered by the issuance of SAS No. 133, June 2018.]

as of a later date. In the former instance, the auditor's responsibility for events occurring subsequent to the original date of the auditor's report is limited to the specific event described in the relevant note to the financial statements. In the latter instance, the auditor's responsibility for subsequent events extends to the new date of the auditor's report on the revised financial statements.

.A12 Generally, when the revision of the financial statements is specifically limited to the effects of the specific event described in the relevant note to the financial statements, the auditor may decide to limit the audit procedures to that revision, as provided by paragraph .13*b*. Even when the financial statements are revised and disclosure of the revision is made, the auditor is not precluded from extending the audit procedures referred to in paragraphs .09–.10 to the new date of the auditor's report on the revised financial statements, as provided by paragraph .13*a*.

.A13 When, in the circumstances described in paragraph .13*b*, the auditor includes an additional date limited to the revision (a dual date), the original date of the auditor's report on the financial statements prior to their subsequent revision by management remains unchanged because this date informs the reader about when the auditor obtained sufficient appropriate audit evidence with respect to those financial statements prior to their subsequent revision. However, an additional date is included in the auditor's report to inform users that the auditor's procedures subsequent to the original date of the auditor's report were limited to the subsequent revision of the financial statements. The following is an illustration of such wording:

(Date of auditor's report), except as to note Y, which is as of (date of completion of audit procedures limited to revision described in note Y).

.A14 As discussed in paragraph .A10, section 700 or section 703, as applicable, requires the auditor's report to be dated no earlier than the date on which the auditor has obtained sufficient appropriate audit evidence on which to base the auditor's opinion on the financial statements.¹² When management revises the financial statements and the auditor reports on the revised financial statements, the new date (or the dual date) included in the auditor's report cannot be earlier than the date on which the auditor carried out the audit procedures necessary in the circumstances on the revision, including that the documentation has been reviewed and management has prepared and asserted that they have taken responsibility for the revised financial statements. [As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 136.]

Updated Written Representations

.A15 Section 580 requires the date of the written representations to be as of the date of the auditor's report on the financial statements.¹³ If management revises the financial statements and, in accordance with paragraph .13*a*, the auditor dates the auditor's report on the revised financial statements as of a later date, written representations from management are required as of the later date to comply with section 580. The auditor may request management to provide a new representation letter or may agree with management on a form of written representations that update the written representations previously provided by addressing whether there are any changes to such written representations and, if so, what they are. An updated written representation letter

¹² Paragraph .43 of section 700, or paragraphs .82 and .126 of section 703. [Footnote renumbered by the issuance of SAS No. 133, June 2018. As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 136.]

¹³ Paragraph .20 of section 580. [Footnote renumbered by the issuance of SAS No. 133, June 2018.]

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may be in the form of the representations required by paragraph .13b when the auditor dual-dates the auditor's report for the revision.

Unaudited Events

.A16 To prevent the financial statements from being misleading, management may revise the financial statements by disclosing an event that arose after the original date of the auditor's report. When such event is included in a separate financial statement note that is labeled as unaudited (for example, when the event is captioned "Event (Unaudited) Subsequent to the Date of the Independent Auditor's Report"), the auditor is not required to perform any procedures on the revision, and the auditor's report carries the original date of the auditor's report.

Considerations Specific to Governmental Entities (Ref: par. .14)

.A17 In audits of governmental entities in which management does not revise the financial statements, the actions taken in accordance with paragraph .14 may also include reporting separately to the legislative or governing body, or other relevant regulatory or oversight body, on the implications of the subsequent event for the financial statements and the auditor's report and, if applicable, for the entity's internal control over financial reporting and compliance with law or regulation.

Subsequently Discovered Facts That Become Known to the Auditor After the Report Release Date (Ref: par. .15–.18)***Auditor's Responsibility After the Report Release Date (Ref: par. .15)***

.A18 New information may come to the auditor's attention that, had such information been known to the auditor at the date of the auditor's report, may have caused the auditor to revise the auditor's report. When such information becomes known to the auditor after the report release date, the requirements in paragraphs .15–.18 apply, even if the auditor has withdrawn or been discharged.

.A19 Because of the variety of conditions that might be encountered, the specific procedures or actions to be taken in a particular case may vary somewhat in light of the circumstances. For example, in determining whether the financial statements need revision, as required by paragraph .15b, the auditor may consider, in addition to the requirements of the applicable financial reporting framework, whether the auditor believes there are persons currently relying or likely to rely on the financial statements who would attach importance to the subsequently discovered facts. Consideration may be given, among other things, to the issuance of audited financial statements for a subsequent period, the time elapsed since the financial statements were issued and the auditor's report released, and any legal implications.

.A20 Section 708, *Consistency of Financial Statements*, addresses the auditor's evaluation of the consistency of the financial statements, including changes to previously issued financial statements, and the effect of that evaluation on the auditor's report.

Revision of Financial Statements by Management (Ref: par. .16b and .17b)

.A21 The steps taken by management to ensure that anyone in receipt of the audited financial statements is informed of the situation, including that the audited financial statements are not to be relied upon, depend on the circumstances. Management's steps may include the following:

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- Notification to anyone who is known to be relying or who is likely to rely on the financial statements and the auditor's report that they are not to be relied upon and that revised financial statements, together with a new auditor's report, will be issued. This may be necessary when the issuance of revised financial statements and a new auditor's report is not imminent.
- Issuing, as soon as practicable, revised financial statements with appropriate disclosure of the matter.
- Issuing the subsequent period's financial statements with appropriate disclosure of the matter. This may be appropriate when issuance of the subsequent period's audited financial statements is imminent.

Considerations Specific to Governmental Entities

.A22 For audits performed under *Government Auditing Standards*, additional requirements exist, such as those pertaining to the evaluation of the timeliness and appropriateness of management's disclosure and actions to determine and correct misstatements in previously issued financial statements, reporting on the revised financial statements, and reporting directly to appropriate officials when management does not take the necessary steps.

Auditor Action to Seek to Prevent Reliance on the Auditor's Report
(Ref: par. .18)

.A23 If management made the audited financial statements available to third parties despite the auditor's notification not to do so, or if the auditor believes that management or those charged with governance have failed to take the necessary steps to prevent reliance on the auditor's report on the previously issued audited financial statements despite the auditor's prior notification that the auditor will take action to seek to prevent such reliance, the auditor's course of action depends upon the auditor's legal rights and obligations. Consequently, the auditor may consider it appropriate to seek legal advice.

.A24 The actions that the auditor may take to seek to prevent reliance on the auditor's report may depend upon the degree of certainty of the auditor's knowledge that persons or entities exist who are currently relying or who will rely on the audited financial statements, and who would attach importance to the information, and the auditor's ability as a practical matter to communicate with them. In addition to seeking legal advice, the auditor may consider taking the following steps to the extent applicable:

- Notify management and those charged with governance that the auditor's report is not to be relied upon.
- Notify regulatory agencies having jurisdiction over the entity that the auditor's report is not to be relied upon, including a request that the agency take whatever steps it may deem appropriate to accomplish the necessary disclosure.
- Notify anyone known to the auditor to be relying on the financial statements that the auditor's report is not to be relied upon. In some instances, it will not be practicable for the auditor to give appropriate individual notification to stockholders or investors at large whose identities are unknown to the auditor; notification to a regulatory agency having jurisdiction over the entity will usually be the only practical means for the auditor to provide appropriate disclosure, together with a request that the agency take whatever

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steps it may deem appropriate to accomplish the necessary disclosure.

.A25 Depending on the circumstances, if the auditor is able to determine that the financial statements need revision, the auditor's notification to anyone in receipt of the audited financial statements may, if permitted by law, regulation, and relevant ethical requirements,

- include a description of the nature of the matter and of its effect on the financial statements, avoiding comments concerning the conduct or motives of any person.
- describe the effect that the matter would have had on the auditor's report if it had been known to the auditor at the date of the report and had not been reflected in the financial statements.

.A26 If the auditor was not able to determine whether the financial statements need revision, the notification to anyone in receipt of the audited financial statements may indicate that information became known to the auditor and that, if the information is true, the auditor believes that the auditor's report is not to be relied upon. The specific matter need not be detailed in the notification.

Predecessor Auditor's Reissuance of the Auditor's Report in Comparative Financial Statements (Ref: par. .19-.20)

.A27 An auditor may be requested by management or those charged with governance to furnish additional copies of the auditor's report after the report release date. Providing additional copies of the auditor's report is not a report reissuance. In such cases, the auditor has no responsibility to make further investigation or inquiry about events that may have occurred during the period between the date of the auditor's report and the date of the release of the additional copies.

.A28 Additional responsibilities relating to the reissuance of a previously issued auditor's report in connection with financial statements of a nonissuer included in a registration statement filed with the SEC under the Securities Act of 1933, as discussed in paragraph .A1, are addressed in section 925.

Predecessor Auditor's Report Reissued

.A29 A predecessor auditor may be requested to reissue the auditor's report by a former client when prior period financial statements audited by the predecessor auditor are to be presented on a comparative basis with audited financial statements of a subsequent period. A predecessor auditor's knowledge of the current affairs of the former client is limited in the absence of a continuing relationship. Accordingly, a predecessor auditor may be in a position to reissue the report if the predecessor auditor is able to make satisfactory arrangements with the former client to perform this service and if the predecessor auditor complies with paragraph .19 to determine whether the previous auditor's report is still appropriate. A predecessor auditor is not required to reissue the auditor's report. Either the current form or manner of presentation of the financial statements of the prior period or one or more events might make a predecessor auditor's previous report inappropriate.

.A30 Section 700 and section 703, as applicable, address the auditor's responsibilities when the auditor is engaged to audit and report on a revision to

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prior period financial statements audited by the predecessor auditor.¹⁴ It also addresses the auditor's responsibilities when the predecessor auditor's report will not be presented.¹⁵ [As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 136.]

¹⁴ Paragraph .A75 of section 700, and paragraph .A129 of section 703, as applicable. [Footnote renumbered by the issuance of SAS No. 133, June 2018. As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 136.]

¹⁵ Paragraph .57 of section 700, and paragraph .93 of section 703, as applicable. [Revised, July 2017, to reflect conforming changes necessary due to the issuance of SAS No. 131. Renumbered by the issuance of SAS No. 133, June 2018. As amended, effective for audits of financial statements for periods ending on or after December 15, 2021, by SAS No. 136.]