

HOA-CR-9: Illustrative Representation Letter—Review^{abc}[Date]^d

To [Accountant]

We are providing this letter in connection with your review(s) of the [Identification of Financial Statements] of [Name of CIRA] as of [Date(s)] , and for the [Period(s) of Review]^e for the purpose of obtaining limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the preparation and fair presentation in the financial statements of the financial position, results of operations, and cash flows of [Name of CIRA] in accordance with accounting principles generally accepted in the United States of America^f and the selection and application of the accounting policies.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person using the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of [Date of Accountant's Review Report] , the following representations made to you during your review(s).

- 1) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
- 2) We have made available to you all—
 - a) Financial records and related data.
 - b) Minutes of the meetings of board members, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not been prepared.^g
- 3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.^h
- 4) No material transactions exist that have not been properly recorded in the accounting records underlying the financial statements.ⁱ
- 5) We acknowledge our responsibility for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements.
- 6) We acknowledge our responsibility to prevent and detect fraud.
- 7) We have no knowledge of any fraud or suspected fraud affecting the entity involving management or others where the fraud could have a material effect on the financial statements, including any communications received from employees, former employees, or others.^j
- 8) We have no plans or intentions that may materially affect the carrying amounts or classification of assets and liabilities.
- 9) There are no material losses that have not been properly accrued or disclosed in the financial statements.^k
- 10) There are no—^l
 - a) Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion that must be disclosed in accordance with FASB ASC 450, Contingencies .^m
 - c) Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed.
- 11) There are no transfers or designations of fund balance or interfund borrowings that were not properly authorized and approved or uncollectible interfund loans that have not been properly reflected in the financial statements or disclosed to you.ⁿ

- 12) The Association has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. [If the Association has pledged assets, add "except as made known to you and disclosed in the notes to the financial statements."]
- 13) We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 14) The following have been properly recorded or disclosed in the financial statements:
 - a) Related party transactions and related accounts receivable or payable, including member assessments, purchases, loans, transfers, leasing arrangements, and guarantees.
 - b) Guarantees, whether written or oral, under which the Association is contingently liable.
 - c) Significant estimates and material concentrations known to management that are required to be disclosed in accordance with *FASB ASC 275, Risks and Uncertainties* (link).^o
- 15) The board of directors is collecting funds for future major repairs and replacements in conformity with the Association's policy to fund for those needs based on a study conducted in [Date of Study]. The board of directors believes the funds will adequately provide for future major repairs and replacements.^p
- 16) Although we have engaged you to assist the board of directors in assembling certain information about future repairs and replacements that will accompany the financial statements mentioned above, we acknowledge that we are responsible for that information.^q
- 17) The Association's allocation of expenses against exempt and nonexempt function income conforms with IRS rules, which require that the allocation be made "on a reasonable basis."^r We have adequately documented such allocation.
- 18) The Association has excess membership income in the current year and for tax purposes has elected to either (a) offset it against next year's assessments or (b) refund it to members. We have adequately documented such election in the current year.^s
- 19) The board of directors has reviewed the Association's insurance coverage for the current year and believes it is adequate.
- 20) To the best of our knowledge and belief, no events have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.^t
- 21) We understand that management is responsible for the Association's choice of filing [Form 1120 OR Form 1120-H] and the consequences thereof.
- 22) We are in agreement with the adjusting journal entries, if any, you have recommended, and they have been posted to the Association's accounts.

We have responded fully and truthfully to all inquiries made to us by you during your review.

Name of President and Title^u

Name of Treasurer or Controller and Title, if applicable^v

Name of Managing Agent and Title, if applicable^w

Practical Considerations

^a Representation letters should be tailored to fit individual client circumstances. This example representation letter, which is adapted from Review Exhibit B of SSARS No. 19 (AR 90.71), is for illustrative purposes only and should be modified to meet the circumstances of the engagement.

^b The following representations are reproduced from Review Exhibit B of SSARS No. 19 and are common representations that may need to be added to the letter to appropriately tailor it for individual client circumstances (this list is not all-inclusive).