

Information regarding
IGBWLA Financial Statement Requirements

The three types of financial statements prepared by accountants are:

1. **Compiled** The accountant puts information that representations of management into accepted financial statement form. No opinion is expressed by the accountant.
2. **Reviewed** The accountant performs test on the data, makes inquires of management, and offers limited assurance that there are no material errors.
3. **Audited** The accountant physically audits all aspects of the business. The accountant states an opinion that the statements are presented fairly.

Indiana Grain Buyers and Warehouse Licensing Agency (IGBWLA), under **I.C. 26-3-7-6** of the Indiana Code, requires a **Reviewed Level Financial Statement** be prepared by an independent accountant certified under I.C. 25-2.1 and submitted to the agency within 90 days following the businesses fiscal year end.

What is a reviewed level financial statement?

A reviewed level financial statements means that an independent **Certified Public Accountant** has reviewed the statements and found no material departures from **Generally Accepted Accounting Principles (GAAP)**. The accountant should be knowledgeable about the industry, as well as key aspects of the business activities. The accountant does not have to physically verify each item on the statement, but should perform analytical tests on the data and make inquiries of the management. Analytical test may include reviews of financial ratios and comparisons of prior year's statements. Inquiries might include questions concerning the record keeping practices, accounting policies, actions of the Board of Directors, and changes in business activities. A **Reviewed** statement is designed to determine if the financial statement **"makes sense"**.

All reviewed statements must be prepared by an independent accountant certified under I.C. 25-2.1 on the accrual basis of accounting and include the following:

- A. The accountants review report;
- B. An income statement;
- C. A balance sheet;
- D. A statement of cash flow;
- E. A statement of retained earnings; and
- F. The preparer's notes.
- G.

The preparer's notes are a very important part of the statement as they should explain any unusual items and disclose the accounting methods used by the business.

Talk to your Accountant!

You can save cost by doing some of the bookkeeping yourself.

It is important that you choose an accountant that is knowledgeable about your industry. Among accountants there is a wide range of interpretation as to what a reviewed level financial statement involves, resulting in an equally wide range of fees charged. An accountant that is knowledgeable about your industry will be able to assist you in establishing record keeping procedures and accounting policies that can reduce the cost of the review. While your accountant will be required to perform many procedures, you can save accounting fees by doing the following:

- 1) Maintain your own disbursements and receipts journals.
- 2) Reconcile you cash accounts to make sure that you maintain correct balances.
- 3) Maintain good records on capital purchases and improvements.
- 4) Have at least one meeting with your accountant prior to your fiscal year end.
- 5) Discuss with your accountant how best to prepare the information that the accountant will need and ask for any recommendations to improve your record keeping that may expedite the review process and save accounting fees.

Accountants, just like you, are businessmen trying to build a stronger business. If this is the first time you have had to have a reviewed statement prepared, discuss with your accountant the possibility of spreading the initial costs over several years. An accountant building a business may consider spreading the initial costs to help build a long term client. Remember, good accountants are used for more than financial statements and tax returns, they can help with financial planning, tax planning, and assist with reviewing accounting systems and other business decisions throughout the year.