

## CNME Guidelines for Reviewers of Financial Statements

### Accounting Process:

1. How “qualified” is the accountant’s statement? Classify the audit as indicating that the institution’s accounting process and related financial statements are one of the following:
  - Strong: (close conformity with good accounting practice and no notes concerning difficulties in year-to-year comparisons, restatements, necessary adjustments, etc. – a “clean” audit).
  - Adequate: (accountant notes specific areas with potential to affect interpretation of results without going as far as qualifying the audit (audit has identified “possible” concerns but has endorsed the financial statements without stating a condition or qualification).
  - Conditioned: The auditor formally identifies a condition, situation or assumption that must hold if the financial statements are to be accepted as accurate. The auditor has not personally verified the assumption and has accordingly flagged it.
  - Critical: The auditor has presented a formal expression of concern or statement of a requirement for actions that are necessary to allow a judgement that the statements are consistent with good accounting practice.

### Financial Trends

2. Are the financial resources (net assets, revenue vs. expenses and comparisons with previous year) growing, staying flat or declining? Classify the overall financial situation as:
  - Strong and improving
  - Adequate or stable
  - Declining
  - Precarious

### Analysis and Possible Council Action

3. Are there trends, anomalies, ambiguities or other concerns *of interest to Council in its capacity as the accrediting agency attesting that program resources are sufficient for the program to meet its objectives?* Should the Council require any further information or updating? Are there any problems sufficiently concerning as to necessitate Council action (e.g., requiring a focused report, voting a new recommendation/area of interest)?