



SEC Auditor Transition Guide

Changing Auditors – Boulay Makes Change Easy

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We understand change is hard. One of the biggest deterrents to changing CPA firms is the work involved in making a change. This document guides you through the process and provides you the template documents that facilitate a smooth transition based on years of success helping clients transition from their predecessor CPA firm.

Timing is critical

Step 1

A change in auditors is a reportable event on Form 8-K under Item 4.01, Changes in Registrant's Certifying Accountant, within four days of the event. When a change of auditors is made there are actually two reportable events that occur. First is the resignation or dismissal of the previously engaged principal auditor and second is the engagement of Boulay, your new independent auditor. These two separate events may be reported in a single 8-K if the two events occur together. Otherwise, they will require two separate Form 8-K's. A sample of the information and language required for a single 8-K reporting both events together is found on Appendix A.

Step 2

You will notice that part of this 8-K includes a letter from your prior CPA firm to the Securities and Exchange Commission that they have read the 8-K and agree with it. A copy of this letter is in Appendix B and can be provided to your prior CPA firm to expedite the process.

Keeping the process moving

Next, you will send the letter in Appendix C to your prior CPA firm. This letter gives them your permission to share their files with Boulay. In response to this request, they will execute a letter to us, your new CPAs, that protects them and their work product. We will take the lead in contacting them, executing their letter and coordinating the review of those files. In the process of our review of their files we try to obtain as many documents as we can for our files to minimize the amount of work on your end.

Helping you get there

In the end, you really just need to make sure the notification to your prior CPA firm and engagement of us is timely with your filing of your Form 8-K. The other letters are helpful to you to understand the process, but we guide you and the prior CPA firm through that process to ensure it happens timely and efficiently.

We know there is significant work on our end to learn your business, review your prior regulatory filings, review the predecessor CPA firm's workpapers and build our files for your engagements. We view this as our initial investment in you and our relationship and do not believe you should bear any burden when you hire us.

We hope this helps you understand how easy it is to transition to and build a long relationship with Boulay. Once you begin this process as a client, Word templates will be made available to help you start the process.

To learn more about SEC Auditor Transition Guide: Changing Auditors – Boulay Makes Change Easy, contact a Boulay advisor at 952-893-9320 or learnmore@BoulayGroup.com

APPENDIX A

Item 4.01 Changes in Registrant's Certifying Accountant.

On February __, 2016, _____ (the "Company") decided to change its independent registered public accountants, and accordingly dismissed _____, CPAs. _____ reports on the Company's financial statements during the past year did not contain an adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

The decision to change independent registered public accountants was proposed by management to the Audit Committee and the Audit Committee subsequently recommended to the Board of Directors. By direction of the Board of Directors, the Audit Committee analyzed and approved the change.

There were no disagreements with _____, CPAs on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which if not resolved to _____ satisfaction would have caused it to make reference to the subject matter of the disagreement in connection with its report.

The Company has provided _____, CPAs with the contents of this current report on Form 8-K and has requested that _____, CPAs furnish a letter addressed to the Securities and Exchange Commission stating whether it agrees with the statements made by the Company in this report, and if not, stating the respects in which it does not agree. A copy of the letter from _____, CPAs to the Securities and Exchange Commission is filed as Exhibit 16.1 hereto.

On February __, 2016, the audit committee approved the engagement of Boulay as the Company's independent registered public accounting firm for the year ending December 31, 2015 subject to Boulay's completion of its client acceptance process.

During the years ended December 31, 2013 and December 31, 2014 and through February __, 2016, neither the Company nor anyone on its behalf has consulted Boulay with respect to either (i) the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's financial statements, and neither a written report nor oral advice was provided to the Company that Boulay concluded was an important factor considered by the Company in reaching a decision as to any accounting, auditing or financial reporting issue; or (ii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K and the related instructions to Item 304 of Regulation S-K) or a reportable event (as defined in Item 304(a)(1)(v) of Regulation S-K).

APPENDIX B

[Predecessor Firm, CPAs Letterhead]

February __, 2016

Securities and Exchange Commission
Washington, D.C. 20549

Commissioners:

We have read ABC Corporation's statements included under Item 4.01 of its Form 8-K filed on February __, 2016 and we agree with such statements concerning our firm.

/s/ Predecessor Firm, CPAs
Predecessor Firm, CPAs

APPENDIX C

[ABC Corporation Letterhead]

February __, 2016

Predecessor Firm, CPAs
ADDRESS

We have engaged Boulay to audit our financial statements for the year ended December 31, 2015. In connection with their audit, they would like to make inquiries and examine your workpapers for the audit of our financial statements for the year ended December 31, 2014. We hereby authorize you to respond fully and without limitation to their inquiries.

Please allow our auditors to copy information from your files that provides factual information about our company and bill us for the reproduction costs.

We have represented to our auditors that we are not involved with your firm in any disputes about accounting principles, auditing procedures, or similarly significant matters and that we have paid in full for all services rendered by you to date. You will be contacted by [Boulay member assigned] of this audit firm concerning these matters.

Very truly yours,

[Authorized Officer or Director]
ABC Corporation

APPENDIX D

[Predecessor CPAs Letterhead]

February __, 2016

Boulay
7500 Flying Cloud Drive, Suite 800
Eden Prairie, MN 55344

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the December 31, 2014 financial statements of ABC Corporation. We issued our audit report dated April 10, 2015, and we have not performed any audit procedures since that date.

In connection with your December 31, 2015 audit of ABC Corporation's financial statements, you have requested access to our workpapers prepared in connection with our audit of ABC Corporation's December 31, 2014 financial statements. ABC Corporation has authorized our firm to allow you to review those workpapers. We understand that the purpose of your review is to obtain information regarding ABC Corporation and our 2014 audit to assist you in planning and performing your 2015 audit. For that purpose only, we will provide you access to our workpapers that relate to your objective.

Our audit, and the workpapers prepared in connection with it, of ABC Corporation's financial statements were not planned or conducted in contemplation of your review. Therefore, items of possible interest to you may not have been specifically addressed. During our audit, our use of professional judgment and our assessment of audit risk and materiality means that matters may have existed that would have been assessed differently by you. We make no representation as to the sufficiency or appropriateness of the information in our workpapers for your purposes.

Because your review of our workpapers is undertaken solely for the purpose described above, and may not entail a review of all of our workpapers, you agree that (1) the information obtained from your review will not be used by you for any other purpose, (2) you will not comment, orally or in writing, to anyone as to whether, as a result of your review, our audit was performed in accordance with the Standards of the Public Company Accounting Oversight Board (United States), (3) you will not provide expert testimony or litigation support services or otherwise accept an engagement to comment on issues relating to the quality of our audit, and (4) you accept sole responsibility for the nature, timing, and extent of audit work performed and the conclusions reached in expressing your opinion on the 2015 financial statements of ABC Corporation.

We may, at our discretion, provide copies of workpapers that provide factual information about ABC Corporation that you request. You agree to subject any such copies or information otherwise derived from our workpapers to your normal policies for retention of workpapers and protection of confidential client information. Further, in the event a third party requests access to your workpapers prepared in connection with your audits of ABC Corporation, you agree to obtain our permission before voluntarily allowing any such access to copies of our workpapers or information otherwise derived from our workpapers. You also agree to obtain on our behalf any releases that you obtain from such third party. You agree to advise us promptly and provide us a copy of any request by subpoena, summons, or other court order for access to your workpapers that include copies of our workpapers or information otherwise derived from them.

Please confirm your acceptance and agreement with the preceding conditions by signing and dating the enclosed copy of this letter and returning it to us.

Very truly yours,

Predecessor Firm, CPAs

RESPONSE:

This letter correctly sets forth our understanding:

Boulay

By: _____ Date: _____
[Boulay Engagement Partner], Partner

Boulay provides the information in this article for general guidance only, and does not constitute the provision of legal advice, tax advice, accounting services, investment advice, or professional consulting of any kind. The information provided herein should not be used as a substitute for consultation with professional tax, accounting, legal, or other competent advisers. Before making any decision or taking any action, you should consult a professional adviser who has been provided with all pertinent facts relevant to your particular situation. Tax articles in this e-newsletter are not intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding accuracy-related penalties that may be imposed on the taxpayer. The information is provided "as is," with no assurance or guarantee of completeness, accuracy, or timeliness of the information, and without warranty of any kind, express or implied, including but not limited to warranties of performance, merchantability, and fitness for a particular purpose.