

## Opinion Types

- Unmodified
- Qualified (Except for)
- Adverse
- Disclaimer

## Unmodified

This is the **best** audit opinion and indicates that the AFS is considered free from material misstatements (based on audit and considering limitations of audit). No material / pervasive misstatements were identified

## Qualified

This is when only 1 / 2 **issues** has been identified which are **material** but not **pervasive**. Essentially the **2nd best** audit report as only a defined **few** items are considered to be “wrong”

## Adverse

This report indicates that the AFS are **not** fairly presented and is issued for a **material and pervasive** misstatement which management will not correct.

## Disclaimer

This report indicates a **material and pervasive** scope limitation prevented auditors from obtaining evidence to verify the fairness of the AFS.

## Thought Process

- Start with whether a misstatement is present
- State if a misstatement is material / pervasive
- Define the type of misstatement
- Consider if management will adjust AFS
- Conclude on opinion

## Type of Misstatements

- Factual - a definite error
- Projected - an error identified in a sampled population
- Judgmental - a difference in opinion

## Misstatements

- Material - Exceeds **overall materiality**
- Pervasive - Affects several area's included in the **AFS**

# Audit Report