

17 CAR § 235-303. Accounting principles.

(a)(1) A licensee shall not express an opinion or state affirmatively that the financial statements or other financial data of any entity are presented in conformity with generally accepted accounting principles or state that he or she is not aware of any material modifications that should be made to such statements or data in order for them to be in conformity with generally accepted accounting principles, if such financial statements or data contain any departure from an accounting principle promulgated by bodies identified in Professional Standards, 17 CAR § 236-701 et seq., to establish such principles that have a material effect on the financial statements or data taken as a whole, unless the licensee can demonstrate that by reason of unusual circumstances the financial statements or data would otherwise have been misleading.

(2) In such a case, the licensee's report must:

(A) Describe the departure;

(B) The approximate effects thereof, if practicable; and

(C) The reasons why compliance with the principle would result in a misleading statement.

(b) For purposes of this section, generally accepted accounting principles are considered to be defined by:

(1) Pronouncements issued by the Financial Accounting Standards Board and its predecessor entities; and

(2) Similar pronouncements issued by other entities having similar generally recognized authority.