
2024 Inspection Zwick CPA, PLLC

(Headquartered in Southfield, Michigan)

July 24, 2025

THIS IS A PUBLIC VERSION OF A PCAOB INSPECTION REPORT

PORTIONS OF THE COMPLETE REPORT ARE OMITTED FROM THIS DOCUMENT IN ORDER TO COMPLY WITH SECTIONS 104(g)(2) AND 105(b)(5)(A) OF THE SARBANES-OXLEY ACT OF 2002

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2024 INSPECTION

In the 2024 inspection of Zwick CPA, PLLC, the Public Company Accounting Oversight Board (PCAOB) assessed the firm's compliance with laws, rules, and professional standards applicable to the audits of public companies.

We selected for review two audits of issuers with fiscal years ending in 2023. For each issuer audit selected, we reviewed a portion of the audit. We also evaluated elements of the firm's system of quality control.

2024 Inspection Approach

In selecting issuer audits for review, we use a risk-based method of selection. We make selections based on (1) our internal evaluation of audits we believe have a heightened risk of material misstatement, including those with challenging audit areas, and (2) other risk-based characteristics, including issuer and firm considerations. In certain situations, we may select all of the firm's issuer audits for review.

When we review an audit, we do not review every aspect of the audit. Rather, we generally focus our attention on audit areas we believe to be of greater complexity, areas of greater significance or with a heightened risk of material misstatement to the issuer's financial statements, and areas of recurring deficiencies. We may also select some audit areas for review in a manner designed to incorporate unpredictability.

Our selection of audits for review does not necessarily constitute a representative sample of the firm's total population of issuer audits. Additionally, our inspection findings are specific to the particular portions of the issuer audits reviewed. They are not an assessment of all of the firm's audit work or of all of the audit procedures performed for the audits reviewed.

View the details on the [scope of our inspections and our inspections procedures](#).

OVERVIEW OF THE 2024 INSPECTION AND HISTORICAL DATA BY INSPECTION YEAR

The following information provides an overview of our 2024 inspection as well as data from the previous inspection. We use a risk-based method to select audits for review and to identify areas on which we focus our review. Because our inspection process evolves over time, it can, and often does, focus on a different mix of audits and audit areas from inspection to inspection and firm to firm. Further, a firm's business, the applicable auditing standards, or other factors can change from the time of one inspection to the next. As a result of these variations, we caution that our inspection results are not necessarily comparable over time or among firms.

Firm Data and Audits Selected for Review

	2024	2022
Firm data		
Total issuer audit clients in which the firm was the principal auditor	2	1
Total engagement partners on issuer audit work¹	1	1
Audits reviewed		
Total audits reviewed	2	1
Audits in which the firm was the principal auditor	2	1
Integrated audits of financial statements and internal control over financial reporting (ICFR)	1	0
Audits with Part I.A deficiencies	2	1
Percentage of audits with Part I.A deficiencies	100%	100%

If we include a deficiency in Part I.A of our report, it does not necessarily mean that the firm has not addressed the deficiency. In many cases, the firm has performed remedial actions after the deficiency was identified. Depending on the circumstances, remedial actions may include performing additional audit procedures, informing management of the issuer of the need for changes to the financial statements or reporting on ICFR, or taking steps to prevent reliance on prior audit reports.

¹ The number of engagement partners on issuer audit work represents the total number of firm personnel (not necessarily limited to personnel with an ownership interest) who had primary responsibility for an issuer audit (as defined in AS 1201, *Supervision of the Audit Engagement*) during the twelve-month period preceding the outset of the inspection.

Our inspection may include a review, on a sample basis, of the adequacy of a firm’s remedial actions, either with respect to previously identified deficiencies or deficiencies identified during the current inspection. If a firm does not take appropriate actions to address deficiencies, we may criticize its system of quality control or pursue a disciplinary action.

If we include a deficiency in our report — other than those deficiencies for audits with incorrect opinions on the financial statements and/or ICFR — it does not necessarily mean that the issuer’s financial statements are materially misstated or that undisclosed material weaknesses in ICFR exist. It is often not possible for us to reach a conclusion on those points based on our inspection procedures and related findings because, for example, we have only the information that the auditor retained and the issuer’s public disclosures. We do not have direct access to the issuer’s management, underlying books and records, and other information.

Audit Areas Most Frequently Reviewed

This table reflects the audit areas we have selected most frequently for review in the 2024 inspection and the previous inspection. For the issuer audits selected for review, we selected these areas because they were generally significant to the issuer’s financial statements, may have included complex issues for auditors, and/or involved complex judgments in (1) estimating and auditing the reported value of related accounts and disclosures and (2) implementing and auditing the related controls.

2024		2022	
Audit area	Audits reviewed	Audit area	Audits reviewed
Revenue and related accounts	2	Revenue and related accounts	1
Insurance-related assets and liabilities, including insurance reserves	1	Goodwill and intangible assets	1
Equity and equity-related transactions	1	Other assets	1

PART I: INSPECTION OBSERVATIONS

Part I.A of our report discusses deficiencies, if any, that were of such significance that we believe the firm, at the time it issued its audit report(s), had not obtained sufficient appropriate audit evidence to support its opinion(s) on the issuer's financial statements and/or ICFR.

Part I.B discusses certain deficiencies, if any, that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion(s). This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

Part I.C discusses instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules, if any, related to maintaining independence.

Consistent with the Sarbanes-Oxley Act ("Act"), it is the Board's assessment that nothing in Part I of this report deals with a criticism of, or potential defect in, the firm's quality control system. We discuss any such criticisms or potential defects in Part II. Further, you should not infer from any Part I deficiency, or combination of deficiencies, that we identified a quality control finding in Part II. Section 104(g)(2) of the Act restricts us from publicly disclosing Part II deficiencies unless the firm does not address the criticisms or potential defects to the Board's satisfaction no later than 12 months after the issuance of this report.

Classification of Audits with Part I.A Deficiencies

Within Part I.A of this report, we classify each issuer audit in one of the categories discussed below based on the Part I.A deficiency or deficiencies identified in our review.

The purpose of this classification system is to group and present issuer audits by the number of Part I.A deficiencies we identified within the audit as well as to highlight audits with an incorrect opinion on the financial statements and/or ICFR.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

This classification includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's financial statements were determined to be materially misstated, and the issuer restated its financial statements. It also includes instances where a deficiency was identified in connection with our inspection and, as a result, an issuer's ICFR was determined to be ineffective, or there were additional material weaknesses that the firm did not identify, and the firm withdrew its opinion, or revised its report, on ICFR.

This classification does not include instances where, unrelated to our review, an issuer restated its financial statements and/or an issuer's ICFR was determined to be ineffective. We include any deficiencies identified in connection with our reviews of these audits in the audits with multiple deficiencies or audits with a single deficiency classification below.

Audits with Multiple Deficiencies

This classification includes instances where multiple deficiencies were identified that related to a combination of one or more financial statement accounts, disclosures, and/or important controls in an ICFR audit.

Audits with a Single Deficiency

This classification includes instances where a single deficiency was identified that related to a financial statement account or disclosure or to an important control in an ICFR audit.

PART I.A: AUDITS WITH UNSUPPORTED OPINIONS

This section of our report discusses the deficiencies identified, by specific issuer audit reviewed, in the audit work supporting the firm's opinion(s) on the issuer's financial statements and/or ICFR.

We identify each issuer by a letter (e.g., Issuer A) and industry sector. Each deficiency could relate to several auditing standards, but we reference the PCAOB standard that most directly relates to the requirement with which the firm did not comply.

We present issuer audits below within their respective deficiency classifications (as discussed previously). Within the classifications, we generally present the audits based on our assessment as to the relative significance of the identified deficiencies, taking into account the significance of the financial statement accounts and/or disclosures affected, and/or the nature or extent of the deficiencies.

Audits with an Incorrect Opinion on the Financial Statements and/or ICFR

None

Audits with Multiple Deficiencies

Issuer A – Utilities

Type of audit and related areas affected

In our review, we identified deficiencies in the financial statement and ICFR audits related to **Revenue**, **Accounts Receivable**, and **Unbilled Receivables** and an **Insurance-Related Liability**.

Description of the deficiencies identified

With respect to **Revenue**, for which the firm identified a fraud risk, **Accounts Receivable**, and **Unbilled Receivables**, for which the firm identified a fraud risk:

The issuer used multiple information-technology (IT) systems to initiate, process, and record transactions related to revenue, accounts receivable, and unbilled receivables. In its testing of controls over these accounts, the firm tested various IT-dependent manual controls that used data and reports generated or maintained by these IT systems. As a result of the following deficiencies in the firm's testing of IT general controls (ITGCs), the firm's testing of these IT-dependent manual controls was not sufficient. (AS 2201.46)

- The firm selected for testing certain controls over change management and user access, but did not test, or test any controls over, the completeness of the population from which it selected its samples for testing. (AS 1105.10)
- The firm did not identify and test controls that addressed the risk that users with the ability to develop changes also have the ability to implement those changes. (AS 2201.39)
- The firm selected for testing a control over logical access to several IT systems, but did not test the aspect of this control related to these IT systems. (AS 2201.42 and .44)

For revenue, accounts receivable, and unbilled receivables, which were affected by the audit deficiencies above, the following additional deficiencies were identified:

- The firm selected for testing certain controls that consisted of the issuer's review of certain aspects of revenue, accounts receivable, and unbilled receivables. The firm did not perform procedures to evaluate the review procedures the control owners performed, including the procedures to identify items for follow up and the procedures to determine whether those items were appropriately resolved. (AS 2201.42 and .44)
- The firm selected for testing a control over the review of the accuracy of invoices. The firm identified deviations in the operation of this control but did not determine the effect of these deviations on the operating effectiveness of this control. (AS 2201.48)

With respect to the firm's substantive procedures, the following deficiencies were identified:

- The sample sizes that the firm used in certain of its substantive procedures to test revenue and accounts receivable were too small to provide sufficient appropriate audit evidence because these procedures were designed based on (1) a level of control reliance that was not supported due to (a) the deficiencies in the firm's control testing discussed above and (b) the firm not obtaining evidence that a control over change management, which it selected for testing, was operating effectively during the entire period of reliance and (2) an assessment of risk for other substantive tests related to the same assertion that was not supported as the engagement team did not perform any other substantive procedures to test the same assertions. (AS 2301.16, .18, and .37; AS 2315.19, .23, and .23A)
- The firm did not perform substantive procedures to test unbilled receivables. (AS 2301.08 and .13)
- The firm did not perform substantive procedures to test the allowance for doubtful accounts. (AS 2501.07)

- The firm did not perform procedures to test, or sufficiently test controls over, as discussed above, the accuracy and completeness of information and reports that it used in its substantive procedures to test revenue. (AS 1105.10)

With respect to an **Insurance-Related Liability**:

The issuer engaged an external specialist to estimate an insurance-related liability. The firm engaged another specialist to test this liability. The following deficiencies were identified:

- The firm did not identify and test controls that addressed (1) the reasonableness of the company's specialist's estimate of this liability and (2) the accuracy and completeness of data and reasonableness of assumptions, which were developed by the issuer, that the company's specialist used to develop the estimate of this liability. (AS 2201.39)
- The firm did not perform procedures, beyond obtaining and reading the issuer's analysis, to evaluate whether the issuer's recognition of this liability was appropriate, including evaluation of certain contrary information included in its work papers. (AS 2301.08; AS 2810.03)
- The firm did not evaluate whether the auditor-engaged specialist's work provided sufficient appropriate audit evidence, because it did not identify that the specialist did not perform substantive procedures to test this liability, beyond inquiry and obtaining and reading the report prepared by the company's specialist. Further, the firm did not perform any procedures with respect to its use of the work of the (1) company's specialist as audit evidence and (2) auditor-engaged specialist as audit evidence, beyond obtaining an independence confirmation and documenting the resolution of an inquiry by the specialist. (AS 1105.A1 - .A10; AS 1210.03 - .12; AS 2501.07)

Audits with a Single Deficiency

Issuer B – Health Care

Type of audit and related area affected

In our review, we identified a deficiency in the financial statement audit related to **Warrants**. This was the firm's initial audit of this issuer.

Description of the deficiency identified

During the year, the issuer issued common stock with warrants. The firm did not perform any procedures to test whether the warrants should have been accounted for as equity or a liability. (AS 2301.08)

PART I.B: OTHER INSTANCES OF NON-COMPLIANCE WITH PCAOB STANDARDS OR RULES

This section of our report discusses certain deficiencies that relate to instances of non-compliance with PCAOB standards or rules other than those where the firm had not obtained sufficient appropriate audit evidence to support its opinion(s). This section does not discuss instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

When we review an audit, we do not review every aspect of the audit. As a result, the areas below were not necessarily reviewed on every audit. In some cases, we assess the firm's compliance with specific PCAOB standards or rules on other audits that were not reviewed and include any instances of non-compliance below.

The deficiencies below are presented in numerical order based on the PCAOB standard or rule with which the firm did not comply. We identified the following deficiencies:

- In one of two audits reviewed, the firm did not prepare an engagement completion document. In this instance, the firm was non-compliant with AS 1215, *Audit Documentation*.
- In one of two audits reviewed, the firm did not obtain the engagement quality reviewer's concurring approval of issuance of the audit report prior to its issuance. In this instance, the firm was non-compliant with AS 1220, *Engagement Quality Review*.
- In one of two audits reviewed, the work papers did not contain sufficient information to enable an experienced auditor, having no previous connection with the engagement, to understand all of the procedures performed by the engagement quality reviewer, including the procedures that the engagement quality reviewer performed to evaluate the engagement team's responses to the significant risks identified. In this instance, the documentation of the engagement quality review was non-compliant with AS 1220, *Engagement Quality Review*.
- In the two audits reviewed, the firm did not make a required communication to the audit committee related to uncorrected misstatements. In these instances, the firm was non-compliant with AS 1301, *Communications with Audit Committees*.
- In the two audits reviewed, the firm did not perform procedures to determine whether all individuals who participated in the audit were in compliance with independence requirements. In these instances, the firm was non-compliant with AS 2101, *Audit Planning*.
- In one of two audits reviewed, the firm did not identify and assess the risks of material misstatement related to a significant account and disclosure. In this instance, the firm was non-compliant with AS 2110, *Identifying and Assessing Risks of Material Misstatement*.
- In the two audits reviewed, the engagement team performed procedures to determine whether or not matters were critical audit matters but, in performing those procedures, did not include certain matters that were communicated, or required to be communicated, to the audit committee and that related to accounts or disclosures that were material to the financial

statements. In these instances, the firm was non-compliant with AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*. These instances of non-compliance do not necessarily mean that other critical audit matters should have been communicated in the auditor's report.

- In one of two audits reviewed, the engagement team did not take into account certain required factors in determining whether or not a matter was a critical audit matter. In this instance, the firm was non-compliant with AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*. This instance of non-compliance does not necessarily mean that critical audit matters should have been communicated in the auditor's report.
- In one of two audits reviewed, the firm's communication of a critical audit matter in the audit report included language that was inconsistent with information in the firm's audit documentation. In this instance, the firm was non-compliant with AS 3101, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion*.
- In one of two audits reviewed, the firm's report on Form AP included inaccurate information regarding the name under which the firm issued the audit report and the Partner ID. In these instances, the firm was non-compliant with PCAOB Rule 3211, *Auditor Reporting of Certain Audit Participants*.
- In one of two audits reviewed, the firm did not provide the audit committee the required independence communications prior to accepting the audit. In this instance, the firm was non-compliant with PCAOB Rule 3526, *Communication with Audit Committees Concerning Independence*.

PART I.C: INDEPENDENCE

This section of our report discusses instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence. An instance of potential non-compliance with SEC rules or an instance of non-compliance with PCAOB rules does not necessarily mean that the Board has concluded the firm was not objective and impartial throughout the audit and professional engagement period. Although this section includes an instance of potential non-compliance that we identified, there may be other instances of non-compliance with SEC or PCAOB rules related to independence that were not identified through our procedures or the firm's monitoring activities.

PCAOB-Identified

We identified the following instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence:

Under Rule 2-01(c)(7) of Regulation S-X, an accountant is not independent if it is engaged to render audit or non-audit services to an issuer or its subsidiaries without that engagement having been pre-approved by the audit committee. In two audits reviewed, we identified one instance for one issuer in which the firm could provide no persuasive evidence of the necessary audit committee pre-approval.

Firm-Identified

The firm did not bring to our attention any instances of potential non-compliance with SEC rules or instances of non-compliance with PCAOB rules related to maintaining independence.

While the firm did not bring to our attention any instances of potential non-compliance, the number, large or small, of firm-identified instances of potential non-compliance may be reflective of the size of the firm, including the number of associated firms; the design and effectiveness of the firm's independence monitoring activities; and the size and/or complexity of the issuers it audits, including the number of affiliates of those issuers. Therefore, we caution against making any comparison of firm-identified instances of potential non-compliance across firms.

PART II: OBSERVATIONS RELATED TO QUALITY CONTROL

Part II of our report discusses criticisms of, and potential defects in, the firm's system of quality control.

We include deficiencies in Part II if an analysis of the inspection results, including the results of the reviews of individual audits, indicates that the firm's system of quality control does not provide reasonable assurance that firm personnel will comply with applicable professional standards and requirements. Generally, the report's description of quality control criticisms is based on observations from our inspection procedures.

This report does not reflect changes or improvements to the firm's system of quality control that the firm may have made subsequent to the period covered by our inspection. The Board does consider such changes or improvements in assessing whether the firm has satisfactorily addressed the quality control criticisms or defects no later than 12 months after the issuance of this report.

When we issue our reports, we do not make public criticisms of, and potential defects in, the firm's system of quality control, to the extent any are identified. If a firm does not address to the Board's satisfaction any criticism of, or potential defect in, the firm's system of quality control within 12 months after the issuance of our report, we will make public any such deficiency.

APPENDIX A: FIRM'S RESPONSE TO THE DRAFT INSPECTION REPORT

Pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(a), the firm provided a written response to a draft of this report. Pursuant to Section 104(f) of the Act and PCAOB Rule 4007(b), the firm's response, excluding any portion granted confidential treatment, is attached hereto and made part of this final inspection report.

The Board does not make public any of a firm's comments that address a nonpublic portion of the report unless a firm specifically requests otherwise. In some cases, the result may be that none of a firm's response is made publicly available.

In addition, pursuant to Section 104(f) of the Act, 15 U.S.C. § 7214(f), and PCAOB Rule 4007(b), if a firm requests, and the Board grants, confidential treatment for any of the firm's comments on a draft report, the Board does not include those comments in the final report. The Board routinely grants confidential treatment, if requested, for any portion of a firm's response that addresses any point in the draft that the Board omits from, or any inaccurate statement in the draft that the Board corrects in, the final report.



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April 18, 2025

Ms. Chrisine Gunia
Division of Registration and Inspections
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, DC 20006

Re: Response to Part I of Draft Report on the 2024 Inspection of Zwick CPA, PLLC

Dear Ms. Gunia:

We are pleased to provide our response to the Public Company Accounting Oversight Board's (the "PCAOB") Draft Report on its 2024 inspection of Zwick CPA, PLLC. Throughout our firm's history, we have always strived to provide our clients, along with their shareholders and potential investors, the highest quality audit.

We have reviewed and evaluated the findings identified by the Board's inspection team as described in Part I of the Draft Report. We have accordingly taken actions as appropriate to address the specific findings in a manner consistent with PCAOB auditing standards and our policies.

Audit quality is a top priority of our Firm. We appreciate the opportunity to work with the PCAOB inspection team and discuss auditing matters that improve and strengthen audit quality.

Sincerely,

ZWICK CPA, PLLC

