EXHIBIT 4
Assessment of Risk That the Financial Statements Are Materially Misstated

An auditor should use an understanding of the client and its environment, including evaluation of design and implementation of internal control, to assess the risk of material misstatement to: ■ Identify risks, including relevant controls related to risks, while considering the classes of transactions, account balances, and disclosures in the financial statements ■ Relate the identified risks to what could go wrong at the relevant assertion level ■ Consider whether the risks are of a magnitude that could result in a material misstatement ■ Consider the likelihood (remote; reasonably possible; probable) that the risks could result in a material misstatement of the financial statements	*An auditor should identify and assess risks of material misstatement at both:* ■ The financial statement level, where some material misstatement risks relate *pervasively* to the financial statements, and potentially affect many relevant assertions (e.g., weak control environment) ■ The relevant assertion level, where risks of material misstatement may relate to specific classes of transactions, account balances, and disclosures