[Audit Firm Letterhead]

[Date]

To the Board of Directors/Management of [Client Name]
[Client Address]

Subject: Notification of Materiality Thresholds for Audit Year [Year]

Dear [Recipient Name],

In accordance with International Standards on Auditing (ISA) [or relevant local standards], we are providing this letter to document the materiality thresholds applied during our audit of the financial statements of [Client Name] for the period ending [Date].

1. Overall Materiality

We have determined overall materiality for the financial statements as a whole to be $[Amount]. This figure is based on [Benchmark, e.g., 5% of Profit Before Tax or 1% of Total Assets]. This threshold is used to determine whether uncorrected misstatements, individually or in aggregate, are material to the financial statements.

2. Performance Materiality

Performance materiality has been set at $[Amount], which represents [Percentage]% of overall materiality. This amount is used to reduce the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality.

3. Trivial Threshold (Reporting Threshold)

We have set a de minimis threshold of $[Amount]. Any identified misstatements below this amount are considered clearly trivial and will not be accumulated for reporting purposes unless they raise qualitative concerns.

4. Purpose and Limitations

These thresholds are established for planning and performing audit procedures. Materiality is a matter of professional judgment and is affected by our perception of the financial information needs of users of the financial statements. These levels may be revised during the course of the audit if we become aware of information that would have caused us to determine a different amount initially.

Please contact us if you have any questions regarding these thresholds.

Yours sincerely,

[Signature]
[Name of Engagement Partner]
[Name of Audit Firm]