

2016 PREPARATIONS, COMPILATIONS AND REVIEWS TITLES OVERVIEW FOR KNOWLEDGE COACH USERS

PURPOSE

This document is published for the purpose of communicating, to users of the toolset, updates and enhancements included in the current version. This document is not, and should not be used as, a program to update the engagement documentation of an engagement started in a previous version of this product.

WORKPAPER UPDATES AND ROLL FORWARD NOTES

General Roll Forward Note:

You must be the current editor of all Knowledge Coach workpapers to update to the latest content, and you must be the current editor upon opening the updated workpaper for the first time to ensure you see the updated workpaper.

The **2016 Knowledge-Based Preparation, Compilation, and Review Engagements** tools have been updated to take into account the latest literature, standards, and guidance applicable to preparation, compilation, and review engagements. The 2016 tools include links to detailed analysis related to the steps and processes discussed in the workpapers. Also included is a revised financial statement disclosures checklist that provides a centralized resource of the required and recommended U.S. GAAP disclosures and key presentation items currently in effect, using the style referencing under the FASB Accounting Standards Codification.TM

The tools in this edition of **Knowledge-Based Preparation, Compilation, and Review Engagements** are current through Statement on Standards for Accounting and Review Services No. 21 (SSARS-21), *Clarification and Recodification* (including AR-C Section 60, AR-C Section 70, *Preparation of Financial Statements*; AR-C Section 80, *Compilation Engagements*; and AR-C Section 90, *Review of Financial Statements*); the revised AICPA Code of Professional Conduct (Code), often referred as the AICPA Ethics Codification Project, including ET Section 1.295, *Nonattest Services*; AICPA Statement on Quality Control Standards No. 8 (QC Section 10), *A Firm's System of Quality Control (Redrafted)*; and 2014/2015 Audit Risk Alert *Developments in Review, Compilation, and Financial Statement Preparation Engagements—2014/15*. Users of this content should consider guidance issued subsequent to these items to determine their effect on engagements covered by this product.

Preparation Programs (PMPs):

- Modified where applicable with new practice points, practice alerts, and updated references.

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|--|---|----------|-----------------------|--------------------|--|
| PRP-100 Overall Tailoring Questions | | | | | |
| New | Added a new Tailoring Question, "Is the engagement to prepare personal financial statements?" This new TQ will flow to PRP-101. | | | | |
| PRP-101 Overall Preparation Program | | | | | |
| New | Added a new Tailoring Question, "Is the engagement to prepare personal financial statements?" This new TQ will flow from PRP-100. | | | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|----------|-----------------------|-----------------------------------|--|
| | <p>The following steps will Show if this TQ is answered as “NO”:</p> <p>Under section “Preliminary Engagement Activities”</p> <p>18 (c) The entity has decided not to display comprehensive income.</p> <p>Under section “Performing Preparation Procedures”</p> <p>4 If the entity has an interest in a variable interest entity, obtain an understanding of whether management has completed an assessment of whether the reporting entity is the VIE’s primary beneficiary.</p> <p>6 Describe the nature of the entity’s operating transactions or financial activities in the following areas:</p> <ul style="list-style-type: none"> a. Revenue, gains, and losses (describe) b. Operating expenditures (describe) c. Significant accruals (describe) d. Financing for operations and capital outlays (describe) e. Investments and investing activities (describe) <p>Other transactions (describe)</p> | | | | |
| Modify | <p>Added:</p> <p>Practice Alert: In December 2015, the Accounting and Review Services Committee (ARSC) issued three exposure drafts, all of which are related to the compilations of prospective and pro forma financial information. These exposure drafts are expected to be effective for subject matter dated on or after May 1, 2017.</p> <p>The first, <i>Compilation of Prospective Financial Information</i>, essentially moves the standards for compiling projections and forecasts from the attestation standards into Statements on Standards for Accounting and Review Services (SSARS) related to preparation, compilation, and review engagements. The second, <i>Compilation of Pro Forma Financial Information</i>, redrafts existing standards for the compilation of pro forma financial information into the clarity format. Finally, <i>Omnibus Statement on Standards for Accounting and Review Services – 2016</i>, modifies the requirements of AR-C Section 60 so that SSARS will apply to prospective and historical financial information as well as historical financial statements. It also modifies AR-C Section 70 such that it also applies to the preparation of prospective financial information.</p> <p>The exposure drafts are primarily designed to incorporate the compilation of prospective financial information, which will be AR-C Section 110, and the compilation of pro forma financial information,</p> | Purpose | Y | SSARS Exposure Drafts; Risk Alert | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|----------|-----------------------|--------------------|--|
| | <p>which will be AR-C section 120, into SSARS in the clarified format. The primary changes that will result from the new standards if adopted as written include the following:</p> <p>Preparation of Prospective Financial Information</p> <p>The accountant will be permitted to prepare prospective financial information that is reasonably expected to be used by third parties. Under the attestation standards, a CPA was only permitted to assemble prospective financial information if it was not reasonably expected to be used by a third party. If such distribution was expected, the CPA was required to perform a compilation or an examination, or was required to apply agreed-upon procedures to the prospective financial information.</p> <ul style="list-style-type: none"> • The prospective financial information may be distributed to third parties. • No report will accompany the prospective financial information. • Each page of the prospective financial information will indicate, as a minimum, that “no assurance is provided” in relation to the prospective financial information. <p>Written Representation of Responsible Party</p> <p>When compiling prospective financial information, the accountant will no longer be required to obtain a written representation from the responsible party to confirm the accountant’s understanding of the prospective financial information, including the assumptions that are incorporated.</p> <ul style="list-style-type: none"> • It was concluded that the obtaining of written representations is not consistent with an engagement in which the accountant neither obtains nor provides any assurance. • It was also determined that written representations are redundant due to the requirement for a written understanding, in the form of a signed engagement letter, that provides agreement by the responsible party that significant assumptions will be disclosed with the prospective financial information. <p>Remaining Changes</p> <p>The remaining changes to the standards are not substantive. The revisions to standards related to compilation of pro forma financial statements are exclusively for the purpose of presenting them using the clarified language and format employed in AR-C sections 60, 70, 80, and 90 that resulted from the issuance of SSARS No. 21.</p> <p>Updated:</p> <p>Practice Point: The AICPA Audit Risk Alert <i>Developments in Preparation, Compilation, and Review Engagements—2015/16</i> provides information regarding liability claims related to compilation and review engagements that could possibly apply to preparation engagements. The segment indicates that the leading cause of claims against accountants</p> | | | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|------------------|-----------------------|--------------------|--|
| | <p>providing compilation and review services was a failure to detect theft or fraud, followed by a failure to perform appropriate testing.</p> <ul style="list-style-type: none"> • The primary basis for losses appears to be a lack of a clear understanding as to the nature and limitations of the services being provided by the accountant. • Another basis for losses appears to result from a failure to follow up on information that appears to be incorrect, incomplete, or otherwise unsatisfactory. <p>The accountant can minimize liability by making certain that a clear understanding is established with the client and that it is documented in the form of a signed engagement letter. In addition, although an accountant is not required to verify the accuracy or completeness of the information provided by the client in the performance of a preparation or compilation engagement, the accountant performs the engagement with a certain level of knowledge and cannot ignore indications that information is incorrect, incomplete, or otherwise unsatisfactory that are, or should be, obvious to an accountant that is qualified to perform the engagement in conformity with applicable standards.</p> <p>The Risk Alert also notes the following common peer review findings for compilation engagements that could apply to preparation engagements:</p> <ul style="list-style-type: none"> • Failure to report that substantially all required disclosures have been omitted; and <p>Omissions and errors in engagement letters.</p> | | | | |
| Modify | <p>Preliminary Engagement Activities Section: Modified step 3; now reads as follows: Evaluate, conclude on, and document whether accountant has the ability to adhere to the fundamental principles and requirements of professional and ethics standards including:</p> <ol style="list-style-type: none"> a. Responsibilities; b. The public interest; c. Integrity; d. Objectivity and independence; e. Due care; f. Scope and nature of services; and <p>Compliance with firm policies.</p> | Procedures steps | Y | SSARS-21 | Step will reset on roll forward due to changes made. |
| Modify | <p>Preliminary Engagement Activities Section Added step 10:</p> | Procedures steps | Y | Audit Guide; | Step will reset on roll forward due to changes made. |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|---|-----------------|-----------------------|--------------------|--|
| | <p>If the engagement letter is between the accountant and exclusively those charged with governance, obtain a letter from management indicating that it acknowledges and understands its responsibilities:</p> <ul style="list-style-type: none"> a. For the selection of the financial reporting framework to be applied in the preparation of the financial statements. b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; c. The prevention and detection of fraud; d. For ensuring that the entity complies with applicable laws and regulations; e. For the accuracy and completeness of the records, documents, and other information, including significant judgments provided by management for the preparation of the financial statements; f. To provide us: <ul style="list-style-type: none"> i. Access to all information of which you are aware is relevant to the preparation and presentation of the financial statements, such as records, documentation, and other matters; ii. Additional information that we may request from you for the purpose of the compilation engagement; and <p>Unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.</p> | | | SSARS-21 | |
| Modify | <p>Preliminary Engagement Activities section: Modified the “management accepts its responsibility for” substeps Notes as follows: <i>Note:</i> If this engagement is for the preparation of other historical or prospective financial information, such as a</p> | Procedures step | Y | SSARS-21 | Step will reset on roll forward due to changes made. |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|------------------|-----------------------|--------------------|--|
| | <p>specified element, account, or item of a financial statement; or of pro forma financial information, there should be a reference to the specified element, account, or item rather than to financial statements:</p> <p>“Selecting the applicable financial reporting framework to be applied in the preparation of the [<i>identify the specified element, account, or item of the financial statements, for example, schedule of accounts receivable or schedule of depreciation</i>].”</p> | | | | |
| Modify | <p>Modified substep 11.b.(2) Note; now reads as follows:</p> <p>Note: If this engagement is for the preparation of other historical or prospective financial information, such as a specified element, account, or item of a financial statement; or of pro forma financial information, there should be a reference to the specified element, account, or item rather than to financial statements:</p> <p>“Selecting the applicable financial reporting framework to be applied in the preparation of the [<i>identify the specified element, account, or item of the financial statements, for example, schedule of accounts receivable or schedule of depreciation</i>].”</p> | Procedures steps | Y | SSARS-21 | Step will reset on roll forward due to changes made. |
| Modify | <p>Modified substeps 11.b (5) to read as follows:</p> <p>(5) The accuracy and completeness of records, documents, explanations, and other information, including significant judgments, provided by management for the preparation of the financial statements or specified element, account, or item of the financial statements.</p> | Procedures steps | Y | SSARS-21 | Step will reset on roll forward due to changes made. |
| Modify | <p>Added new substep 11.b (7) as follows:</p> <p>Providing us with unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.</p> | Procedures steps | Y | SSARS-21 | |
| Modify | <p>Modified Practice Point and substep 11.b.(8); now reads as follows:</p> | Procedures steps | Y | SSARS-21 | Step will reset on roll forward due to changes made. |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|--|---|------------------|-----------------------|--------------------|--|
| | <p>Practice Point: In addition, if the accountant determines that independence will be required for the performance of other engagements:</p> <p>(8) Designating an individual with suitable skills, knowledge, and experience to oversee our preparation of your financial statements or specified element, account, or item of the financial statements and for evaluating the adequacy and results of the services performed and accepting responsibility for them.</p> | | | | |
| Modify | <p>Modified substep 11.d. to read as follows:</p> <p>a. We are not required to, and will not, verify the accuracy or completeness of the information provided for the engagement by management nor will we gather evidence for the purpose of expressing an opinion or a conclusion and, as a result, we will not express an opinion, a conclusion, nor provide any assurance on the financial statements or specified element, account, or item of the financial statements.</p> <p>Note: If this engagement is for the preparation of a specified element, account, or item of a financial statement; or of pro forma financial information, the reference to “financial statements” should be changed to “specified element, account, or item of the financial statements.”</p> | Procedures steps | Y | SSARS-21 | Step will reset on roll forward due to changes made. |
| Modify | <p>Modified step 17 as follows:</p> <p>When comparative financial statements are to be presented and a predecessor accountant will be responsible for preparing the previous year’s financial statements, if communication with the predecessor is considered appropriate:</p> | Procedures steps | Y | SSARS-21 | |
| PRP-201 Pre-Preparation Program: Procedures Performed Prior to a Preparation Engagement | | | | | |
| Modify | Added additional steps based on type of entity likely to require preparation as highest level of engagement. | Procedures steps | Y | SSARS-21 | |
| PRP-902 Preparation Program: Going Concern | | | | | |
| Modify | Added: | Instructions | Y | FASB ASU 2014-15 | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|---|------------|-----------------------|--------------------|---|
| | <p>Practice Point: In August 2014, the FASB issued ASU 2014-15, <i>Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern</i>, effective for financial statements for periods ending after December 15, 2016. It requires management to evaluate whether or not there is substantial doubt as to the entity's ability to continue as a going concern and to provide certain disclosures when there is substantial doubt.</p> <p>The pronouncement defines substantial doubt as the probability, defined in the same manner as in the principles related to accounting for contingencies, that the entity will not be able to meet its obligations as they become due within a reasonable period of time. A reasonable period of time is defined as one year from the earlier of the date on which the financial statements are issued or are available to be issued.</p> <p>If it is determined that there is substantial doubt, management's plans for mitigating the doubt will be evaluated and disclosure will indicate the basis for the doubt and the reason it is significant as well as management plans that either are actually expected to reduce the doubt to an acceptable level or are put into place with the intention of mitigating the doubt.</p> <p>Since the accountant generally prepares both the financial statements and the disclosures in a preparation engagement, it is likely that the accountant will be responsible for inquiring of management as to whether or not there is substantial doubt and, if there is, will be required to make inquiries of management in order to properly disclose the issue.</p> | | | | |
| Modify | <p>Modified to reflect new pronouncement about going concern. Modified steps as follows:</p> <ol style="list-style-type: none"> 1. We inquired of management if there were any factors that might indicate substantial doubt as to the entity's ability to continue as a going concern for a reasonable period of time. 2. If evidence or information indicated uncertainty about the entity's ability to continue as a going concern for a reasonable period of time, we inquired of management's plans for mitigating the doubt and: <ol style="list-style-type: none"> a. We only considered those plans that management intends to put into effect and that are expected to mitigate the factors causing the substantial doubt. b. We have evaluated management's conclusions as to whether or not management's plans are expected to eliminate the substantial doubt for a reasonable period of time. | Procedures | Y | ASU-2014-15 | Steps will reset on roll forward due to changes made. |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|---|----------|-----------------------|--------------------|--|
| | <p>3. We prepared disclosure indicating:</p> <p>a. The conditions or events that raised substantial doubt as to the entity’s ability to continue as a going concern before consideration of management’s plans.</p> <p>b. Management’s evaluation of the significance of those events or conditions.</p> <p>Either management’s plans that alleviated the doubt or management’s plans that are intended to mitigate the events or conditions raising the substantial doubt, as appropriate.</p> | | | | |

Compilation Programs (CMPs):

- Modified where applicable with new practice points, practice alerts, and updated references.

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---|--|----------|-----------------------|--------------------|--|
| CMP-100 Engagement-Level Tailoring Questions | | | | | |
| New | Added a new Tailoring Question, “Is the engagement for the compilation of personal financial statements?” This new TQ will flow to CMP-101. | | | | |
| CMP-101 Overall Compilation Program | | | | | |
| New | <p>Added a new Tailoring Question, “Is the engagement for the compilation of personal financial statements?” This new TQ will flow from CMP-100.</p> <p>The following steps will Show if this TQ is answered as NO”:</p> <p>Under section “Preliminary Engagement Activities”</p> <p>21 (c) The entity has decided not to display comprehensive income.</p> <p>Under section “Performing Compilation Procedures”</p> | | | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|-----------------|-----------------------|----------------------|--|
| | <p>5 If the entity has an interest in a variable interest entity, obtain an understanding of whether management has completed an assessment of whether the reporting entity is the VIE’s primary beneficiary.</p> <p>7 Describe the nature of the entity’s operating transactions or financial activities in the following areas:</p> <ul style="list-style-type: none"> f. Revenue, gains, and losses (describe) g. Operating expenditures (describe) h. Significant accruals (describe) i. Financing for operations and capital outlays (describe) j. Investments and investing activities (describe) k. Other transactions (describe) | | | | |
| Modify | <p>Added a NEW Practice Alert for three Accounting and Review Services Committee (ARSC) exposure drafts expected to be effective for subject matter dated on or after May 1, 2017: <i>Compilation of Prospective Financial Information; Compilation of Pro Forma Financial Information; and Omnibus Statement on Standards for Accounting and Review Services – 2016</i>. The exposure drafts are primarily designed to incorporate the compilation of prospective financial information, which will be AR-C Section 110, and the compilation of pro forma financial information, which will be AR-C section 120, into SSARS in the clarified format.</p> | Purpose | Y | ARSC Exposure Drafts | |
| Modify | <p>Added new Practice Alert for the AICPA Audit Risk Alert <i>Developments in Review, Compilation, and Financial Statement Preparation Engagements—2015/16</i>.</p> | Purpose | Y | Risk Alert | |
| Modify | <p>Preliminary Engagement Activities section: Modified the wording of step 3; now reads as follows:</p> <p>Evaluate, conclude on, and document whether accountant has the ability to adhere to the fundamental principles and requirements of professional and ethics standards including:</p> <ul style="list-style-type: none"> a. Responsibilities; b. The public interest; | Procedures step | Y | SSARS-21 | Step will reset on roll forward due to changes made. |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|-----------------|-----------------------|--------------------|--|
| | <ul style="list-style-type: none"> c. Integrity, d. Objectivity and independence; e. Due care; f. Scope and nature of services; and Compliance with firm policies. | | | | |
| Modify | <p>Preliminary Engagement Activities section: Modified the engagement letter substeps in accordance with SSARS No. 21; now reads as follows:</p> <p>Establish and document, in the form of an engagement letter signed by both the accountant and either management or those charged with governance, as appropriate, the accountant’s understanding with management and, if applicable, those charged with governance regarding the services to be performed on the engagement, including:</p> <ul style="list-style-type: none"> b. A description of the objectives of the engagement; c. Management’s responsibilities: <ul style="list-style-type: none"> i. For the selection of the financial reporting framework to be applied in the preparation of the financial statements; ii. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements; iii. For preventing and detecting fraud; iv. For compliance with applicable laws and regulations; v. For the accuracy and completeness of the records, documents, explanations, and other information provided by management for the preparation of the financial statements; vi. For the preparation and fair presentation of financial statements in accordance with the applicable financial reporting framework, | Procedures step | Y | SSARS-21 | Step will reset on roll forward due to changes made. |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|-----------------|-----------------------|--------------------|--|
| | <p>including all appropriate informative disclosures; and</p> <ul style="list-style-type: none"> vii. To include the accountant’s compilation report in any document containing financial statements that indicate that a compilation has been performed by the accountant; d. The accountant’s responsibilities; e. The limitations of a compilation engagement; f. Identification of the financial reporting framework to be applied to the preparation of the financial statements; and <p>The expected form and content of the accountant’s compilation report indicating that there may be circumstances under which the report may differ from the expected form and content.</p> | | | | |
| Modify | <p>Preliminary Engagement Activities section: Added step:</p> <p>If the engagement letter is between the accountant and exclusively those charged with governance, obtain a letter from management indicating that it acknowledges and understands its responsibilities:</p> <ul style="list-style-type: none"> g. For the selection of the financial reporting framework to be applied in the preparation of the financial statements; h. For the preparation and fair presentation of financial statements in accordance with the applicable financial reporting framework, including all appropriate informative disclosures; i. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements; j. For preventing and detecting fraud; k. For compliance with applicable laws and regulations; | Procedures step | Y | SSARS21 | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---|--|------------------|-----------------------|--------------------|---|
| | <p>1. For the accuracy and completeness of the records, documents, explanations, and other information provided by management for the preparation of the financial statements; and</p> <p>m. To provide:</p> <p>i. Access to all information of which you are aware is relevant to the preparation and presentation of the financial statements, such as records, documentation, and other matters;</p> <p>ii. Additional information that we may request from you for the purpose of the compilation engagement; and</p> <p>Unrestricted access to persons within the entity of whom we determine it necessary to make inquiries.</p> | | | | |
| Modify | <p>Modified wording in step 12; now reads:</p> <p>If we do not intend to use one of the illustrative example engagements letters provided, include in the understanding with the client a description of the objectives of the compilation engagement, management's responsibilities, the accountant's responsibilities, the limitations of the engagement, and identification of the applicable financial reporting framework for the preparation of the financial statements, including all of the following matters:</p> | Modify | Y | SSARS-21 | Step will reset on roll forward due to changes made. |
| Modify | <p>Performing Compilation Procedures section: Modified wording in the obtain an understanding step; now reads:</p> <p>Obtain or update an understanding of the financial reporting framework under which the financial statements will be prepared, including any significant accounting policies to be applied.</p> | Modify | Y | SSARS-21 | Step will reset on roll forward due to changes made. |
| CMP-902 Compilation Program: Going Concern | | | | | |
| Modify | <p>Modified to reflect new pronouncement about going concern. Modified steps 1, 2, and 3 as follows:</p> | Procedures steps | Y | ASU-2014-15 | The second step and substeps will reset on roll forward due to changes. |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|----------|-----------------------|--------------------|--|
| | <ol style="list-style-type: none"> 1. We inquired of management if there were any factors that might indicate substantial doubt as to the entity’s ability to continue as a going concern for a reasonable period of time. 2. If evidence or information indicated uncertainty about the entity’s ability to continue as a going concern for a reasonable period of time, we inquired of management’s plans for mitigating the doubt and: <ol style="list-style-type: none"> a. We only considered those plans that management intends to put into effect and that are expected to mitigate the factors causing the substantial doubt. b. We have evaluated management’s conclusions as to whether or not management’s plans are expected to eliminate the substantial doubt for a reasonable period of time. 3. Disclosure was included indicating: <ol style="list-style-type: none"> a. The conditions or events that raised substantial doubt as to the entity’s ability to continue as a going concern before consideration of management’s plans. b. Management’s evaluation of the significance of those events or conditions. <p>Either management’s plans that alleviated the doubt or management’s plans that are intended to mitigate the events or conditions raising the substantial doubt, as appropriate</p> | | | | |

Review Programs (REVs)

- Modified with new practice points, practice alerts, and updated references throughout where applicable.

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---|-----------------------|----------|-----------------------|--------------------|--|
| REV-100 Engagement-Level Tailoring Questions | | | | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---------------------------------------|--|----------|-----------------------|--------------------|--|
| New | Added a new Tailoring Question, “Is the engagement for the review of personal financial statements?” This new TQ will flow to CMP-101. | | | | |
| REV-101 Overall Review Program | | | | | |
| New | <p>Added a new Tailoring Question, “Is the engagement for the review of personal financial statements?” This new TQ will flow from CMP-100.</p> <p>The following steps will Show if this TQ is answered as NO”:</p> <p>Under section “Performing Review Procedures”</p> <p>2 Obtain or update an understanding of the industry in which the entity operates, including any specialized accounting principles and practices.</p> <p>3 Obtain or update an understanding of the entity and its operations including:</p> <ul style="list-style-type: none"> a. The entity’s organizational structure, including form of business organization; b. The entity’s history; c. The entity’s operating characteristics including, as applicable: <ul style="list-style-type: none"> (1) Products and services; (2) Operating locations; (3) Production methods; (4) Distribution system; and (5) Compensation methods d. Industry, regulatory, and other external factors; e. Concentrations of risk; f. Related-party transactions; g. Significant management estimates and judgements; and h. New or significant accounting issues. <p>5 If the entity has an interest in a variable interest entity, obtain an understanding of whether management has completed an assessment of whether the reporting entity is the VIE’s primary beneficiary.</p> | | | | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|-----------------|-----------------------|----------------------|--|
| | <p>7 Describe the nature of the entity’s operating transactions or financial activities in the following areas:</p> <ul style="list-style-type: none"> a. Revenue, gains, and losses (describe) b. Operating expenditures (describe) c. Significant accruals (describe) d. Financing for operations and capital outlays (describe) e. Investments and investing activities (describe) f. Other transactions (describe) | | | | |
| Modify | <p>Added three Accounting and Review Services Committee (ARSC) exposure drafts expected to be effective for subject matter dated on or after May 1, 2017: <i>Compilation of Prospective Financial Information; Compilation of Pro Forma Financial Information; and Omnibus Statement on Standards for Accounting and Review Services – 2016</i>. The exposure drafts are primarily designed to incorporate the compilation of prospective financial information, which will be AR-C Section 110, and the compilation of pro forma financial information, which will be AR-C section 120, into SSARS in the clarified format.</p> | Purpose | Y | ARSC Exposure Drafts | |
| Modify | <p>Added new Practice Alert for the AICPA Audit Risk Alert <i>Developments in Review, Compilation, and Financial Statement Preparation Engagements—2015/16</i>.</p> | Purpose | Y | Risk Alert | |
| Modify | <p>Preliminary Engagement Activities section: Modified the wording of step 3; now reads as follows: Evaluate, conclude on, and document whether accountant has the ability to adhere to the fundamental principles and requirements of professional and ethics standards including:</p> <ul style="list-style-type: none"> a. Responsibilities; b. The public interest; c. Integrity; d. Objectivity and independence; | Procedures step | Y | SSARS-21 | Step will reset on roll forward due to changes made. |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|-----------------|-----------------------|--------------------|--|
| | <ul style="list-style-type: none"> e. Due care; f. Scope and nature of services; and g. Compliance with firm policies. | | | | |
| Modify | <p>Preliminary Engagement Activities Section</p> <p>Modified engagement letter step and substeps; now read as follows:</p> <p>Establish and document, in the form of an engagement letter, signed by both the accountant and either management or those charged with governance, as appropriate, the accountant’s understanding with management and, if applicable, those charged with governance regarding the services to be performed on the engagement, including:</p> <ul style="list-style-type: none"> i. A description of the objectives of the engagement; j. Management’s responsibilities: <ul style="list-style-type: none"> i. For the selection of the financial reporting framework to be applied in the preparation of the financial statements; ii. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements; iii. For preventing and detecting fraud; iv. For compliance with applicable laws and regulations; v. For the accuracy and completeness of the records, documents, explanations, and other information provided by management for the preparation of the financial statements; vi. For the preparation and fair presentation of financial statements in accordance with the applicable financial reporting framework, including all appropriate informative disclosures; and | Procedures step | Y | SSARS-21 | Step will reset on roll forward due to changes made. |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|-----------------|-----------------------|--------------------|--|
| | <ul style="list-style-type: none"> vii. To provide the accountant, at the conclusion of the engagement, with a letter that confirms representations made during the review. viii. To include the accountant’s review report in any document containing financial statements that indicate that a review has been performed by the accountant; k. The accountant’s responsibilities; l. The limitations of a review engagement; m. Identification of the financial reporting framework to be applied to the preparation of the financial statements; and <p>The expected form and content of the accountant’s review report indicating that there may be circumstances under which the report may differ from the expected form and content.</p> | | | | |
| Modify | <p>Preliminary Engagement Activities section. Modified step 10:</p> <p>If the engagement letter is between the accountant and exclusively those charged with governance, obtain a letter from management indicating that it acknowledges and understands its responsibilities:</p> <ul style="list-style-type: none"> a. For the selection of the financial reporting framework to be applied in the preparation of the financial statements; b. For the preparation and fair presentation of financial statements in accordance with the applicable financial reporting framework, including all appropriate informative disclosures; c. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements; d. For preventing and detecting fraud; e. For compliance with applicable laws and regulations; | Procedures step | Y | SSARS-21 | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|-----------------|-----------------------|--------------------|--|
| | <ul style="list-style-type: none"> f. For the accuracy and completeness of the records, documents, explanations, and other information provided by management for the preparation of the financial statements; g. To provide us with: h. Access to all information of which you are aware is relevant to the preparation and presentation of the financial statements, such as records, documentation, and other matters; <ul style="list-style-type: none"> i. Additional information that we may request from you for the purpose of the review engagement; and ii. Unrestricted access to persons within the entity of whom we determine it necessary to make inquiries; i. To provide the accountant, at the conclusion of the engagement, with a letter that confirms representations made during the review; and <p>To include the accountant's review report in any document containing financial statements that indicate that a review has been performed by the accountant.</p> | | | | |
| Modify | <p>Preliminary Engagement Activities section. Step 12 modified; now reads:</p> <p>If we do not intend to use one of the illustrative example engagement letters provided include in the understanding with the entity a description of the objectives of the review engagement, management's responsibilities, the accountant's responsibilities, the limitations of the engagement, and identification of the applicable financial reporting framework for the preparation of the financial statements, including all of the following matters:</p> | Procedures step | Y | SSARS-21 | |
| Modify | <p>Preliminary Engagement Activities section. Substep 12.b.(1) Note modified; now reads:</p> <p>Identifying the applicable financial reporting framework to be applied in the preparation of, and for the fair presentation of, the financial statements in accordance with the applicable financial reporting framework.</p> | Procedures step | Y | SSARS-21 | Step will reset on roll forward due to changes made. |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---|--|-----------------|-----------------------|--------------------|---|
| | <p>Note: If this engagement is for the review of a specified element, account, or item of a financial statement; or of pro forma financial information, there should be no reference to financial statements:</p> <p>“Identifying the applicable financial reporting framework to be applied in the preparation of, and for the fair presentation of, the financial information in accordance with the applicable financial reporting framework.”</p> | | | | |
| Modify | <p>Preliminary Engagement Activities section. Substep 12.b.(3) and Note modified; now reads:</p> <p>Designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.</p> <p>Note: If this engagement is for the compilation of a specified element, account, or item of a financial statement or of pro forma financial information, there should be no reference to financial statements:</p> <p>“Designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial information.”</p> | Procedures step | Y | SSARS-21 | Step will reset on roll forward due to changes made. |
| REV-801 Review Program: Entity Inquiries | | | | | |
| Modify | <p>Modified to reflect changes based on AICPA guide. Added the following step under “General”:</p> <p>11. *Have there been any instances, allegations, or suspicions that fraud or illegal acts might have occurred or might be occurring within the entity? If so, where and how?</p> <p>Modified the following step under “General”:</p> <p>13. *Are any entities, other than the reporting entity, commonly controlled by the owners or are there any entities, other than the reporting entity, in which the owners have significant investments?</p> | Procedures step | Y | AICPA Guide | Steps will reset on roll forward due to changes made. |
| Modify | Modified the following steps under “Cash and Cash Equivalents”: | Procedures step | Y | AICPA Guide | Steps will reset on roll forward due to changes made. |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|-----------------|-----------------------|--------------------------|--|
| | <p>5. *Are there compensating balances or any other restrictions on the availability of cash balances?</p> <p>8. Have intercompany transfers, if any, been reconciled and reported properly?</p> | | | | |
| Modify | <p>Added the following new steps under “Investments in Marketable Equity Securities”; renumbered remaining steps in the section accordingly:</p> <p>1. Have fair values been appropriately determined?</p> <p>9. Was investment income properly determined?</p> <p>14. Have consolidation, equity, or cost method accounting requirements been considered for investments made by the entity?</p> | Procedures step | Y | AICPA Guide | |
| Modify | <p>Added the following new step under the “Receivables” section:</p> <p>12. *Are there significant credit balances that should be considered for reclassification into the liability section of the balance sheet?</p> | Procedures step | Y | AICPA Guide | |
| Modify | <p>Added the following new step under “Inventories”:</p> <p>6. Is any inventory held at other locations or held for others?</p> <p>Added new Practice Point:</p> <p>Practice Point: In July 2015, the FASB issued ASU 2015-11, <i>Inventory</i>, which is effective for annual periods beginning after December 15, 2016. It requires that all inventories, other than those valued under LIFO or the retail inventory method, be reported at the lower of cost or net realizable value.</p> <p>When this is effective, an appropriate inquiry would be: Have all inventories, other than those accounted for under either LIFO or the retail inventory method, been reported at the lower of cost or net realizable value?</p> | Procedures step | Y | ASU 2015-11; AICPA Guide | |
| Modify | <p>Added the following new steps under “Property, Plant, and Equipment”:</p> <p>9. *Are there fully depreciated assets still in service?</p> | Procedures step | Y | AICPA Guide | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|-----------------|-----------------------|--------------------|--|
| | 11. Have related assets been increased and liabilities recorded for asset retirement obligations associated with tangible long-lived assets? | | | | |
| Modify | <p>Added the following new or modified steps under “Intangible Assets”:</p> <p>2. Are intangible assets with finite useful lives being amortized?</p> <p>2. Has the alternative accounting approach for accounting for goodwill, available to nonpublic entities, been elected?</p> <p>3. If the alternative accounting approach for goodwill, available to nonpublic entities, has not been elected, have goodwill and other intangible assets not subject to amortization been tested for impairment at least once per year?</p> <p>4. If the alternative accounting approach for goodwill, available to nonpublic entities, has been elected, has goodwill been appropriately amortized?</p> <p>11. Are goodwill and general intangibles other than goodwill been reflected as intangible assets in the financial statements?</p> <p>12. Is goodwill aggregated and presented as a separate line item on the statement of financial position?</p> <p>13. Are general intangible assets other than goodwill aggregated and presented as a separate line item on the statement of financial position?</p> | Procedures step | Y | AICPA Guide | |
| Modify | <p>Added the following new steps under “Other Assets”:</p> <p>3. Are those assets representing costs that will benefit future periods being appropriately amortized?</p> <p>4. Have other assets been appropriately classified as current or noncurrent?</p> | Procedures step | Y | AICPA Guide | |
| Modify | Added the following new step (9.) under “Long-Term Liabilities”: | Procedures step | Y | AICPA Guide | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|--|---|-----------------|-----------------------|--------------------|--|
| | *Are there any noncash financing activities in which loan proceeds were paid directly to a vendor or other third party? | | | | |
| Modify | Added the following new step under “Other Liabilities, Contingencies, and Commitments”: 5. * Are there purchase commitments for quantities in excess of requirements or at prices in excess of market? 11. *Has the entity’s involvement in multi-employer pension plans, if any, been appropriately accounted for and properly discloses? | Procedures step | Y | AICPA Guide | |
| Modify | Added the following new step under “Other”: Have all misstatements identified during the engagement been presented to management for correction in the entity’s accounting system? | Procedures step | Y | AICPA Guide | |
| REV-902 Review Program: Going Concern | | | | | |
| Modify | Modified to reflect new pronouncement about going concern; added: Practice Point: In August 2014, the FASB issued ASU 2014-15, <i>Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern</i> , effective for financial statements for periods ending after December 15, 2016. It requires management to evaluate whether or not there is substantial doubt as to the entity’s ability to continue as a going concern and to provide certain disclosures when there is substantial doubt. The pronouncement defines substantial doubt as the probability, defined in the same manner as in the principles related to accounting for contingencies, that the entity will not be able to meet its obligations as they become due within a reasonable period of time. A reasonable period of time is defined as one year from the earlier of the date on which the financial statements are issued or are available to be issued. If it is determined that there is substantial doubt, management’s plans for mitigating the doubt will be evaluated and disclosure will indicate the basis for the doubt and the reason it is significant as well as management plans that either are actually expected to reduce the doubt to an acceptable level or are put into place with the intention of mitigating the doubt. | Instructions | Y | ASU 2014-15 | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|---|------------------|-----------------------|--------------------|--|
| | <p>Since the accountant generally prepares both the financial statements and the disclosures in a review engagement, it is likely that the accountant will be responsible for inquiring of management as to whether or not there is substantial doubt and, if there is, will be required to make inquiries of management in order to properly disclose the issue.</p> | | | | |
| Modify | <p>Added the following steps:</p> <ol style="list-style-type: none"> 1. We inquired of management if there were any factors that might indicate substantial doubt as to the entity's ability to continue as a going concern for a reasonable period of time. 2. If evidence or information indicated uncertainty about the entity's ability to continue as a going concern for a reasonable period of time, we inquired of management's plans for mitigating the doubt and: <ol style="list-style-type: none"> a. We only considered those plans that management intends to put into effect and that are expected to mitigate the factors causing the substantial doubt. b. We have evaluated management's conclusions as to whether or not management's plans are expected to eliminate the substantial doubt for a reasonable period of time. 3. Disclosure was included indicating: <ol style="list-style-type: none"> a. The conditions or events that raised substantial doubt as to the entity's ability to continue as a going concern before consideration of management's plans. b. Management's evaluation of the significance of those events or conditions. c. Either management's plans that alleviated the doubt or management's plans that are intended to mitigate the events or conditions raising the substantial doubt, as appropriate | Procedures steps | Y | ASU 2014-15 | Step 2 and 3 will reset on roll forward due to changes made. |

Knowledge-Based Preparation Documents (KBPs)

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---|--|-----------------|-----------------------|--------------------|--|
| KBP-201 Preparation: Client/Engagement Acceptance and Continuance Form | | | | | |
| Modify | <p>Added Practice Point and new step 1. to Section II as follows:</p> <p>Practice Point: Although an accountant is not required to communicate with a predecessor accountant as a prerequisite to accepting an engagement under SSARS, the accountant still needs to make certain that accepting the engagement will not cause the accountant to be associated with a client whose management lacks integrity. Often, communication with a predecessor is the most effective means of obtaining relevant information as to the client's integrity and, as a result, should be considered.</p> <p>We determined that communication with the predecessor accountants was not required and used the following means to satisfy ourselves that the client's management does not lack integrity.</p> | Procedure steps | Y | SSARS-21 | |
| Modify | <p>Modified Section IV step 5.a. as follows:</p> <p>Firm personnel have, or have the ability to effectively gain knowledge of relevant subject matter, such as the applicable financial reporting framework, including the significant accounting policies adopted by management;</p> | Procedure steps | Y | SSARS-21 | Step will reset on roll forward due to changes made. |
| Modify | <p>Modified Section IV step 7 as follows:</p> <p>The engagement partner assigned to this engagement has the appropriate competence, capabilities, and authority; and the related responsibilities have been clearly defined and communicated to the engagement partner, including responsibility for engagement level quality control.</p> | Procedure steps | Y | SSARS-21 | Step will reset on roll forward due to changes made. |
| KBP-901 Preparation: Documentation Checklist | | | | | |
| Modify | <p>Added substep a. to step 1:</p> <p>If the agreement is exclusively with members of governance, engagement documentation also includes management's acknowledgement that they understand and accept their responsibilities.</p> | Procedures step | Y | ASU 2014-15 | Step will reset on roll forward due to changes made. |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---|---|-----------------|-----------------------|--------------------|--|
| Modify | Modified step 3; now reads as follows: Engagement documentation includes inquiries of management as to whether there were any events or circumstances that raised doubt as to the ability of the entity to continue as a going concern for a period of one year from the date on which the report is expected to be available for issue. | Procedures step | Y | ASU 2014-15 | Step will reset on roll forward due to changes made. |
| Modify | Modified step 7; now reads as follows: Final copies of the financial statements or financial information have been included in the file. | Procedures step | Y | ASU 2014-15 | |
| KBP-902 Preparation: Review and Approval Checklist | | | | | |
| Modify | Modified step 1; now reads as follows: We adequately performed procedures to obtain an understanding of the applicable financial reporting framework, including the significant accounting policies to be used in the preparation of the financial statements. | Procedures step | Y | SSARS #21 | Step will reset on roll forward due to changes made. |

Knowledge-Based Compilation Documents (KBCs)

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---|---|-----------------|-----------------------|--------------------|--|
| KBC-201 Compilation: Client/Engagement Acceptance and Continuance Form | | | | | |
| Modify | Modified steps regarding communication with predecessor and knowledge of industry to better reflect requirements of SSARS. Added Practice Point and steps to Section II as follows: Practice Point: Although an accountant is not required to communicate with a predecessor accountant as a prerequisite to accepting an engagement under SSARS, the accountant still needs to make certain that accepting the engagement will not cause the accountant to be associated with a client whose management lacks integrity. Often, communication with a predecessor is the most effective means of obtaining relevant information as to the client's integrity and, as a result, should be considered. | Procedure steps | Y | SSARS-21 | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|--|-----------------|-----------------------|--------------------|--|
| | <p>1. We determined that communication with the predecessor accountants was not required and used the following means to satisfy ourselves that the client's management does not lack integrity.</p> <p>We performed the following procedures to satisfy ourselves that we were not associating with a client whose management lacks integrity.</p> | | | | |
| Modify | <p>Modified step 7; now reads as follows:</p> <p>1. We have evaluated client and accountant relationships and circumstances to identify potential threats to independence not identified above, including:</p> <ul style="list-style-type: none"> a. Adverse interest threat, which is the threat that interests in opposition to the client's will cause a lack of objectivity. b. Advocacy threat, which is the threat that the accountant will promote the client's interests to a point of impairing independence. c. Familiarity threat, which is the threat that the accountant's relationship with the client might cause it to be too sympathetic to the client's interests or to lack professional skepticism when evaluating the client's work. d. Management participation threat, which is the threat that the accountant will take on the role of client management or will assume management responsibilities for the client. e. Self-interest threat, which is the threat that the accountant may be influenced by some benefit, financial or otherwise, that may result from an interest in, or relationship with, the client. f. Self-review threat, which is the threat that services previously performed for the client will not be adequately reviewed by the accountant in performing the engagement. <p>Undue influence threat, which is the threat that the accountant will subordinate judgment to that of an</p> | Procedures step | Y | Code | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|--|--|-----------------|-----------------------|--------------------|--|
| | individual associated with the client or some other party due to their reputation, expertise, or some other factor | | | | |
| Modify | <p>Modified step 8 and added Practice Point as follows:</p> <p>For any identified threats to independence, safeguards have been created or implemented so that such threats are eliminated or reduced to an acceptable level. (Also, provide additional documentation in step 15 below.)</p> <p>Practice Point: Safeguards may partially or entirely eliminate a threat or reduce the potential influence of a threat. The nature and extent of the safeguards applied depend on many factors, including the size of the firm. However, to be effective, safeguards should eliminate the threat or reduce it to an acceptable level. The AICPA Code of Professional Conduct identifies the following three broad categories of safeguards:</p> <ul style="list-style-type: none"> • Safeguards created by the profession, legislation, or regulation. • Safeguards implemented by the client; however, it is not possible to rely solely on safeguards implemented by the client to eliminate or reduce significant threats to an acceptable level. <p>Safeguards implemented by the firm, including policies and procedures to implement professional and regulatory requirements.</p> | Procedures step | Y | Code | |
| Modify | <p>Added step 15. and Practice Point:</p> <p>For identified threat(s) to independence, the following describes the circumstances and/or relationships giving rise to the threat(s); the nature of the threat(s) (for example, advocacy threat; self-interest threat); the safeguards that have been applied; and whether the threat(s) was eliminated or reduced to an acceptable level.</p> <p>Practice Point: When the accountant applies safeguards to eliminate or reduce significant threats to an acceptable level, the accountant should document the identified threats and safeguards applied. Failure to prepare the</p> | Procedure step | | | |
| KBC-901 Compilation Documentation Checklist | | | | | |
| Modify | Updated for change to going concern requirements, and added requirement for signatures on engagement letter. | Procedures step | Y | ASU 2014-15 | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---|---|-----------------|-----------------------|------------------------|--|
| | | | | & SSARS 21 | |
| Modify | <p>Modified step 1, adding substep a. as follows: Engagement documentation includes the engagement letter, or other suitable form of written documentation with management, signed by both the firm and a representative of the entity, providing the understanding established with the entity regarding the services to be performed in the form of an engagement letter.</p> <p>a. If the agreement is exclusively with members of governance, engagement documentation also includes management's acknowledgement that they understand and accept their responsibilities.</p> | Procedures step | Y | ASU 2014-15 & SSARS 21 | Step will reset on roll forward due to changes made. |
| Modify | <p>Modified step 3 as follows:</p> <p>If, during the performance of compilation procedures, evidence or information came to our attention indicating that an uncertainty may exist about the entity's ability to continue as a going concern, the engagement documentation includes our consideration of management's assessment of the entity's ability to continue as a going concern for a reasonable period of time.</p> | Procedures step | Y | ASU 2014-15 & SSARS 21 | |
| Deleted | <p>Deleted step: Engagement documentation includes appropriate written representations from management (representation letters are not required in compilation engagements but are recommended).</p> | Procedures step | N | | |
| KBC-902 Compilation: Review and Approval Checklist | | | | | |
| Modify | <p>Modified Section I, first step; now reads: We adequately performed procedures to obtain an understanding of the applicable financial reporting framework.</p> | Procedures step | N | | Step will reset on roll forward due to changes made. |

Knowledge-Based Review Documents (KBRs)

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|--|---|-----------------|-----------------------|--------------------|--|
| KBR-201 Review: Client/Engagement Acceptance and Continuance Form | | | | | |
| Modify | <p>Modified steps regarding communication with predecessor and knowledge of industry to better reflect requirements of SSARS. Added Practice Point and new step 1 in Section II as follows:</p> <p>Practice Point: Although an accountant is not required to communicate with a predecessor accountant as a prerequisite to accepting an engagement under SSARS, the accountant still needs to make certain that accepting the engagement will not cause the accountant to be associated with a client whose management lacks integrity. Often, communication with a predecessor is the most effective means of obtaining relevant information as to the client's integrity and, as a result, should be considered.</p> <p>We determined that communication with the predecessor accountants was not required and used the following means to satisfy ourselves that the client's management does not lack integrity.</p> | Procedures step | Y | SSARS-21 | |
| Modify | <p>Added step 7, now reads as follows:</p> <p>We have evaluated client and accountant relationships and circumstances to identify potential threats to independence not identified above, including:</p> <ol style="list-style-type: none"> Adverse interest threat, which is the threat that interests in opposition to the client's will cause a lack of objectivity. Advocacy threat, which is the threat that the accountant will promote the client's interests to a point of impairing independence. Familiarity threat, which is the threat that the accountant's relationship with the client might cause it to be too sympathetic to the client's interests or to lack professional skepticism when evaluating the client's work. Management participation threat, which is the threat that the accountant will take on the role of client management or will assume management responsibilities for the client. | Procedures step | Y | Code | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|----------------|---|-----------------|-----------------------|----------------------|--|
| | <p>e. Self-interest threat, which is the threat that the accountant may be influenced by some benefit, financial or otherwise, that may result from an interest in, or relationship with, the client.</p> <p>f. Self-review threat, which is the threat that services previously performed for the client will not be adequately reviewed by the accountant in performing the engagement.</p> <p>g. Undue influence threat, which is the threat that the accountant will subordinate judgment to that of an individual associated with the client or some other party due to their reputation, expertise, or some other factor.</p> | | | | |
| Modify | <p>Added step 8 and Practice Point as follows: For any identified threats to independence, safeguards have been created or implemented so that such threats are eliminated or reduced to an acceptable level. (Also, provide additional documentation in step 16 below.)</p> <p>Practice Point: Safeguards may partially or entirely eliminate a threat, or reduce the potential influence of a threat. The nature and extent of the safeguards applied depend on many factors, including the size of the firm. However, to be effective, safeguards should eliminate the threat or reduce it to an acceptable level. The AICPA Code of Professional Conduct identifies the following three broad categories of safeguards:</p> <ul style="list-style-type: none"> • Safeguards created by the profession, legislation, or regulation. • Safeguards implemented by the client; however, it is not possible to rely solely on safeguards implemented by the client to eliminate or reduce significant threats to an acceptable level. <p>Safeguards implemented by the firm, including policies and procedures to implement professional and regulatory requirements.</p> | Procedures step | Y | Code | |
| Modify | <p>Added step 16 and Practice Point as follows: For identified threat(s) to independence, the following describes the circumstances and/or relationships giving rise to the threat(s); the nature of the threat(s) (for example, advocacy threat; self-interest threat); the safeguards that have been applied; and whether</p> | Procedures step | Y | ET Section 1.310.001 | |

| Type of Change | Description of Change | Location | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---|---|-----------------|-----------------------|----------------------|--|
| | <p>the threat(s) was eliminated or reduced to an acceptable level.</p> <p>Practice Point: When the accountant applies safeguards to eliminate or reduce significant threats to an acceptable level, the accountant should document the identified threats and safeguards applied. Failure to prepare the required documentation would be considered a violation of the “Compliance with Standards Rule” (ET Section 1.310.001).</p> | | | | |
| KBR-901 Review Documentation Checklist | | | | | |
| Modify | <p>Modified engagement documentation step 1 and added new substep; now reads as follows:</p> <ol style="list-style-type: none"> 1. Engagement documentation includes the engagement letter, or other suitable form of written documentation with management, signed by both the firm and a representative of the entity, providing the understanding established with the entity regarding the services to be performed in the form of an engagement letter. <ol style="list-style-type: none"> a. If the agreement is exclusively with members of governance, engagement documentation also includes management’s acknowledgement that they understand and accept their responsibilities. | Procedures step | Y | SSARS-21 | Step will reset on roll forward due to changes made. |
| Modify | <p>Added new step 8 as follows:</p> <p>Engagement documentation includes inquiries of management as to whether there were any events or circumstances that raised doubt as to the ability of the entity to continue as a going concern for a period of one year from the date on which the report is expected to be available for issue.</p> | Procedures step | Y | par. 92d and par. 79 | |

Knowledge-Based Compilation and Review documents (KBCRs)

KBCR-901 - NEW *Industry-Specific Disclosures Checklist-Not-for-Profit Entities* section designed to supplement the presentation and disclosure requirements in the General U.S. GAAP Financial Statement Disclosures Checklist. This supplement serves as a means to document consideration of the specialized presentation and disclosure requirements for not-for-profit entities.

Reports (RPTs): Reports have been modified and updated for applicable guidance, in accordance with the provisions of SSARS No. 21 and the AICPA guide, where applicable.

- **RPT-907** Updated based on exhibit in exposure draft.

Practice Aids (AIDs): Practice Aids have been modified where applicable with updated and new Practice Points and Practice Alerts, and updated references.

- **AID-201** Modified to reflect changes to AICPA Code of Professional Conduct (Code).
- **AID-823** Modified to add a column measuring the difference between client's amount and accountant's expectation.
- **AID-904** Updated in accordance with the AICPA guide.

Correspondence documents (CORs): Modified throughout with updated references and, where applicable, to reflect changes based on AICPA guide.

- **NEW COR-203A** *Engagement Letter: Preparation of Financial Statements of a Not-for-Profit Entity in Accordance with the Modified Cash-Basis of Accounting with Departures.*
- **NEW COR-203B** *Engagement Letter: Preparation of Financial Statements in Accordance with Accounting Principles Generally Accepted in the United States of America Omitting the Statement of Cash Flows and Substantially All Required Disclosures.*
- **NEW COR-203C** *Engagement Letter: Preparation of Financial Statements in Accordance with the Tax Basis of Accounting.*
- **NEW COR-203D** *Engagement Letter: Preparation of Financial Statements in Accordance with Prescribed Format.*
- **NEW COR-203E** *Engagement Letter: Preparation of an Element, Account, or Item of the Financial Statements in Accordance with Accounting Principles Generally Accepted in the United States of America.*
- **NEW COR-209B** *Engagement Letter: Review of Element, Account, or Item of a U.S. GAAP Financial Statement*
- **NEW COR-218** *Engagement Letter: Management's Acknowledgement and Acceptance of Its Responsibilities in a Preparation Engagement When Understanding Is Established with Governance.*
- **NEW COR-219** *Engagement Letter: Management's Acknowledgement and Acceptance of Its Responsibilities in a Compilation Engagement When Understanding Is Established with Governance.*
- **NEW COR-220** *Engagement Letter: Management's Acknowledgement and Acceptance of Its Responsibilities in a Review Engagement When Understanding Is Established with Governance.*
- **Deleted: COR-901 Management Representation Letter: Compilation Engagement** as a management representation letter is not suggested in a compilation and not consistent with a nonassurance engagement.

Resource Documents (RESs)

- **RES-001** has been updated for new applicable guidance; general edits include addition of a new Practice Alert for the issuance of an Exposure Draft related to the compilation of pro forma and prospective financial information.
- **RES-002** has been updated to reflect changes to the toolset.
- **RES-003** has been modified with changes related to SSARS-21 terminology.

In addition, forms and practice aids throughout have been updated, where applicable, to take into account:

New literature, standards, and developments, reflected in the following current accounting and audit guidance:

- Statement on Standards for Accounting and Review Services No. 21 (SSARS-21), *Clarification and Recodification* (including AR-C Section 70, *Preparation of Financial Statements*; AR-C Section 80, *Compilation Engagements*; and AR-C Section 90, *Review of Financial Statements*);
- AICPA Guide *Preparation, Compilation and Review Engagements*;
- AICPA Statement on Quality Control Standards No. 8 (QC Section 10), *A Firm's System of Quality Control (Redrafted)*;
- Revised AICPA Code of Professional Conduct (Code), including ET Section 1.295, *Nonattest Services*; and
- 2014/2015 Audit Risk Alert *Developments in Review, Compilation, and Financial Statement Preparation Engagements—2014/15*.

Users of this content should consider guidance issued subsequent to these items to determine their effect on engagements covered by this product

RELATED AND FOUNDATIONS WORKPAPERS FOR THIS TITLE

Related workpapers are Knowledge Coach Word workpapers where information flows in or out of tables within the workpaper. Some of these related workpapers are Foundation workpapers or associated workpapers.

Foundation Workpapers include most of the Communication Hub workpapers, which are central to the Knowledge-Based Audit Methodology used by the Knowledge Coach titles.

| <i>Form No.</i> | <i>Form Name</i> | <i>Foundation Workpaper</i> |
|-----------------|--|-----------------------------|
| KBPs | KNOWLEDGE-BASED PREPARATION DOCUMENTS | |
| KBP-101 | Preparation: Significant Matters | X |
| KBP-201 | Preparation: Client/Engagement Acceptance and Continuance Form | |
| KBP-902 | Preparation: Review and Approval Checklist | |
| KBCs | KNOWLEDGE-BASED COMPILATION DOCUMENTS | |
| KBC-101 | Compilation: Significant Matters | X |
| KBC-201 | Compilation: Client/Engagement Acceptance and Continuance Form | |
| KBC-902 | Compilation: Review and Approval Checklist | |
| KBRs | KNOWLEDGE-BASED REVIEW DOCUMENTS | |
| KBR-102 | Review: Significant Matters | X |
| KBR-201 | Review: Client/Engagement Acceptance and Continuance Form | |
| KBR-902 | Review: Review and Approval Checklist | |

| <i>Form No.</i> | <i>Form Name</i> | <i>Foundation Workpaper</i> |
|-----------------|---|-----------------------------|
| PRPs | PREPARATION PROGRAMS | |
| PRP-100 | Tailoring Question Workpaper | X |
| PRP-101 | Overall Preparation Program | X |
| PRP-201 | Pre-Preparation Program: Procedures Performed Prior to a Preparation Engagement | |
| PRP-202 | Preparation Program: Additional Procedures for Initial Year of Engagement | |
| CMPs | COMPILATION PROGRAMS | |
| CMP-100 | Tailoring Question Workpaper | X |
| CMP-101 | Overall Compilation Program | X |
| CMP-201 | Pre-Compilation Program: Procedures Performed Prior to a Compilation Engagement | |
| CMP-202 | Compilation Program: Additional Procedures for Initial Year of Engagement | |
| REVs | REVIEW PROGRAMS | |
| REV-100 | Tailoring Question Workpaper | X |
| REV-101 | Overall Review Program | X |
| REV-201 | Pre-Review Program: Procedures Performed Prior to a Review Engagement | |
| REV-202 | Review Program: Additional Procedures for Initial Year of Engagement | |

| <i>Form No.</i> | <i>Form Name</i> | <i>Foundation Workpaper</i> |
|-----------------|----------------------------------|---------------------------------|
| REV-801 | Review Program: Client Inquiries | |