

# 2018 COMMERCIAL ENTITIES 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 an audit program to update the audit 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 **2018 *Knowledge-Based Audits of Commercial Entities*** have been updated to help auditors conduct efficient and effective audit engagements in accordance with U.S. GAAS and to take into account the latest literature, standards, and guidance, including AICPA Statement on Auditing Standards (SAS) No. 133, *Auditor Involvement with Exempt Offering Documents*. The 2018-2019 tools include links to detailed analysis related to the steps and processes discussed in the workpapers. Many new tips and examples have been incorporated. Also included are revised financial statement disclosures checklists that provide 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™.

The 2018 edition of *Knowledge-Based Audits of Commercial Entities* includes the following updates:

### Knowledge-Based Audit Documents (KBAs)

#### Important Information about Updating to the 2018 KC titles posted after July 2018

Beginning with the 2018 KBA Commercial title, there are significant changes to the KBA 40X ALC series workpapers that firms should review prior to content update through roll forward or Update Knowledge Coach Workpapers. Many of the activity controls have changed and will automatically reset on content update. Therefore, if you do plan to use the update knowledge coach content feature, consider publishing these workpapers before you update and re-evaluate your responses to the changed content. These changes were made to better describe true control objectives as opposed to control activities. We feel these changes make the tools more closely align with how internal control environments work and therefore easier to use and understand.

| Type of Change                        | Description of Change   | Location       | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---------------------------------------|---|----------------|-----------------------|--------------------|--|
| <b>KBA-101 Overall Audit Strategy</b> |   |                |                       |                    |  |
| Added                                 | Under “Audit Coverage” added a new step:<br>Have we determined that we will be able to obtain sufficient appropriate audit evidence through our work (i.e., the group engagement team’s work) or through the use of the component auditor’s work to act as the auditor of the group financial statements? | Procedure Step | Clarification         |                    |  |

| Type of Change  | Description of Change  | Location                 | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations |
|---|--|--------------------------|-----------------------|--------------------|--|
| Modified  | Under “Use of Other Information”, modified first column in the first table to read as follows:<br>Audit Evidence Obtained in Previous Audits or Other Engagements  | Table                    | Clarification         |                    |  |
| Modified  | Under “Use of Other Information”, modified step 5 to read as follows:<br>Has the auditor prepared documentation to address potential independence considerations in accordance with ET Section 1.295, Nonattest Services, of the AICPA Code of Professional Conduct and documented our discussion with management regarding the services to be performed and potential independence concerns, if applicable? The auditor may use <i>AID-201 Nonattest Services Independence Checklist</i> to document these independence considerations. | Table                    | Clarification         |                    |  |
| Modified  | Under “Factors that Will Determine the focus of the Audit Team’s Efforts”, modified step 4 which now reads as follows:<br>The following represents the selection of the audit team (i.e., individual with appropriate knowledge, competency, and skills) and the assignment of audit work to team members:   | Table                    | Clarification         |                    |  |
| <b>KBA-102 Engagement Completion Document</b>   |  |                          |                       |                    |  |
| Modified  | Minor wording changes throughout.  | Purpose;<br>Instructions | Clarification         |                    |  |
| <b>KBA-103 Evaluating and Communicating Internal Control Deficiencies</b>                                 |  |                          |                       |                    |  |
| Modified  | Under “Communication of Internal Control Deficiencies”, added columns 11 and 12 for documentation of management recommendations.   | Instructions;<br>Table   | Enhancement           |                    |  |
| <b>KBA-104 Summary and Evaluation of Misstatements and Omitted, Inaccurate, or Incomplete Disclosures</b> |  |                          |                       |                    |  |
| Modified  | Under “Section II” tab, updated formulas for check totals.   | Table                    | Enhancement           |                    |  |
| Modified  | Under “Section III” tab, added column “Indicative of Fraud (Yes/No)”.  | Table                    | Enhancement           |                    |  |
| <b>KBA-200 Entity Information and Background</b>  |  |                          |                       |                    |  |

| Type of Change   | Description of Change  | Location        | Based on Standard Y/N   | Standard Reference   | Roll Forward and Update Content Considerations          |
|--|--|-----------------|-------------------------|--|---|
| Added  | Added table for listing known related parties.   | Table           | Improved Workflow       |  |   |
| <b>KBA-201 Client/Engagement Acceptance and Continuance Form: Complex Entities</b>                                     |  |                 |                         |  |   |
| Modified   | Under “Independence and Ability to Provide Services”, split step 6u into two separate steps which now read as follows:<br>Are there any indications that our firm does (might) have a problem billing or collecting its fees?<br>Will all fees, billed or unbilled, or note(s) receivable arising from such fees for any professional services provided more than one year prior to the date of the report be paid prior to the issuance of the report for the current engagement?                 | Procedure Steps | Clarification           |  | Steps will reset on roll forward due to content changes |
| <b>KBA-301 Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts</b> |  |                 |                         |  |   |
| Modified   | Benchmark / Rule of Thumb percentage table has been modified so users are allowed to insert rows for separate benchmarks and saved from year to year.  | Table           | Improved Workflow       |  |   |
| <b>KBA-302 Understanding the Entity and Its Environment: Complex Entities</b>  |  |                 |                         |  |   |
| Modified   | Under “Nature of the Entity”, updated 4a which now reads as follows:<br>Entity’s management personnel and organizational structure, including who is involved in the marketing and sales functions.  | Procedure Steps | New or Revised Guidance | No. 133, <i>Auditor Involvement with Exempt Offering Documents</i> | Step will reset on roll forward due to content changes  |
| Modified   | Under “Nature of the Entity”, updated 4d which now reads as follows:<br>Products or services and markets (e.g., performance obligations, major customers and contracts, including types of contracts (e.g., oral or implied), and frequency of modifications to contracts, licensing agreements, terms of payment, profit margins, market share, competitors, exports, pricing policies, reputation of products, backlog, trends, marketing strategy and objectives, and manufacturing processes). | Procedure Steps | New or Revised Guidance | No. 133, <i>Auditor Involvement with Exempt Offering Documents</i> | Step will reset on roll forward due to content changes  |
| Modified   | Under “Nature of the Entity”, updated 4e which now reads as follows:   | Procedure Steps | New or Revised Guidance | No. 133, <i>Auditor Involvement with</i>                           | Step will reset on roll forward due to content changes  |

| Type of Change   | Description of Change  | Location            | Based on Standard Y/N   | Standard Reference   | Roll Forward and Update Content Considerations   |
|--|--|---------------------|-------------------------|--|--|
|  | Key customer relationships, including classes and categories of customers. Consideration should also include major customers and whether there are sales to distributors, value-added resellers to related parties.  |                     |                         | <i>Exempt Offering Documents</i>                                   |  |
| Modified   | Under “Nature of the Entity”, updated f which now reads as follows:<br>Revenue recognition policies and procedures, including sales policies and policies regarding pricing, price concessions, sales returns, discounts, extension of credit, contingencies, and normal delivery and payment terms, as appropriate.                         | Procedure Steps     | New or Revised Guidance | No. 133, <i>Auditor Involvement with Exempt Offering Documents</i> | Step will reset on roll forward due to content changes   |
| Modified   | Under “Group, Its Components, and their Environments”, clarified that the section applies even when the same engagement team audits all components of the group.   | Text                | Clarification           |  |  |
| Modified   | Under “Measurement and Review of the Entity’s Financial Performance”, updated step 3c which now reads as follows:<br>Employee performance measures, contractual commitments, and incentive compensation policies. Consideration should include whether there are compensation arrangements that depend on the entity’s recording of revenue. | Procedure Steps     | New or Revised Guidance | No. 133, <i>Auditor Involvement with Exempt Offering Documents</i> | Step will retain on roll forward with default settings   |
| Modified   | Under “Fraud Risk Factors and Noncompliance with Laws and Regulations”, added a discussion about money laundering.<br><br>This was also done in KBA-302N   | Text                | Enhancement             |  |  |
| <b>KBA-400 Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures</b> |  |                     |                         |  |  |
| Modified   | Added verbiage above Table 1 “Scoping and Mapping” discussing the further understanding that is recommended.   | Text                | Improved Workflow       |  |  |
| Modified   | Modified Table 2 and Table 3 by modifying column headers, rearranging columns, replacing referencing to “functioning” with “operating effectively”, and adding a column to document if compensating controls are selected for operating effectiveness.   | Instructions; Table | Improved Workflow       |  | Table 2: Columns 1-5, 6, 8, 11, 12 and 13 will retain on roll forward if user selects to keep workpaper on roll forward<br>Table 3: Columns 1-5, 6, 7, 9, 12, 13, and 14 will retain on roll forward if user selects to keep workpaper on roll forward |
| Added  | New show/hide due to reorganization and new columns as follows:  | Table               |                         |  |  |

| Type of Change   | Description of Change  | Location            | Based on Standard Y/N   | Standard Reference            | Roll Forward and Update Content Considerations   |
|--|--|---------------------|-------------------------|-------------------------------|--|
|  | <p>Table 2:</p> <p>Columns 6, 7, 9, and 10 will show only when TQ in AUD-100 are answered as “Yes”.</p> <p>Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” is Yes</p> <p>OR</p> <p>IF “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” is Yes</p> <p>Table 3:</p> <p>Columns 7, 8, 10, and 11 will show only when TQ in AUD-100 are answered as “Yes”.</p> <p>Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” is Yes</p> <p>OR</p> <p>IF “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” is Yes</p> |                     |                         |                               |  |
| <b>KBA-401 Understanding Entity-Level Controls: Complex Entities</b> |  |                     |                         |                               |  |
| Modified   | Instructions modified to enhance discussion of control objectives, compensating controls, and changes in controls from previous year.  | Instructions        | Clarification           |                               |  |
| Modified   | Modified Tables by modifying column headers, rearranging columns, and replacing referencing to “adequately reduce the risks of material misstatement” with “operating effectively”.  | Instructions; Table | Improved Workflow       |                               | All columns will retain on roll forward if the user selects to keep workpaper on roll forward, except column 10 which is a new column. |
| Modified   | Modified verbiage about table “Information and Communication Systems” to include business processes.   | Text                | New or Revised Guidance | AICPA’s Technical Q&A 8200.17 |  |
| Added  | <p>New show/hide due to reorganization and new columns as follows:</p> <p>Columns 9 and 10 will show only when TQ in AUD-100 are answered as “Yes”.</p> <p>Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” is Yes</p>  | Table               |                         |                               |  |

| Type of Change   | Description of Change   | Location               | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations   |
|--|---|------------------------|-----------------------|--------------------|--|
|  | OR<br>IF “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” is Yes  |                        |                       |                    |  |
| <b>KBA-401N Understanding Entity-Level Controls: Noncomplex Entities</b>   |   |                        |                       |                    |  |
| Modified   | Instructions modified to enhance discussion of control objectives, compensating controls, and changes in internal control from previous year.   | Instructions           | Clarification         |                    |  |
| <b>KBA-402 Understanding General Controls for Information Technology</b>   |   |                        |                       |                    |  |
| Modified   | Instructions modified to enhance discussion of changes in internal control from previous year.  | Instructions           | Clarification         |                    |  |
| Modified   | Modified Tables in Section III “Understanding of IT General Controls for Entities with a More Complex IT Structure” by modifying column headers, rearranging columns, replacing referencing to “adequately reduce the risks of material misstatement” with “operating effectively”, and adding a column to document if compensating controls are selected for operating effectiveness.  | Instructions;<br>Table | Improved Workflow     |                    | Columns 1-5, 6, 8, 11, 12 and 13 will retain on roll forward if user selects to keep workpaper on roll forward |
| Added  | New show/hide due to reorganization and new columns as follows:<br><br>Columns 6, 7, 9, and 10 will show only when TQ in AUD-100 are answered as “Yes”.<br><br>Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” is Yes<br>OR<br>IF “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” is Yes | Table                  |                       |                    |  |
| <b>KBA-403 Understanding Activity-Level Controls: Revenue, Accounts Receivable, and Cash Receipts through KBA-411 Understanding Activity-Level Controls: Financial Reporting and Closing Process</b> |   |                        |                       |                    |  |
| Modified   | Modified instructions to emphasize the relationship between activity-level controls and entity-level controls.  | Instructions           | Clarification         |                    |  |

| Type of Change   | Description of Change  | Location            | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations   |
|--|--|---------------------|-----------------------|--------------------|--|
| Modified   | Modified Table in Steps 4, 5, and 6 “Determine What Can Go Wrong, and Identify and Evaluate Controls that Address what Can Go Wrong at the Assertion Level” by modifying column headers, rearranging columns, replacing referencing to “adequately reduce the risks of material misstatement” with “operating effectively”, and adding a column to document if compensating controls are selected for operating effectiveness.   | Instructions; Table | Improved Workflow     |                    | Columns 1-8, 10, 13-16 will retain on roll forward if user selects to keep workpaper on roll forward |
| Modified   | Updated subprocesses and activity-level control objectives throughout.   | Table               | Enhancement           |                    |  |
| Modified   | Under “Walkthroughs”, modified text describing the purpose of a walkthrough.   | Text                | Clarification         |                    |  |
| Modified   | Under “Process Conclusion” modified step 2 which now reads as follows:<br>Has the process been implemented and has it operated consistently as documented throughout the audit period?   | Table               | Clarification         |                    |  |
| Added  | New show/hide due to reorganization and new columns as follows:<br>Columns 8, 9, 11, and 12 will show only when TQ in AUD-100 are answered as “Yes”.<br>Does the auditor intend to test the operating effectiveness of internal controls over financial reporting?” is Yes<br>OR<br>IF “Has the auditor been engaged to perform an integrated audit (i.e., an audit of internal control over financial reporting that is integrated with the audit of financial statements)?” is Yes | Table               |                       |                    |  |
| <b>KBA-412 Understanding Controls Maintained by a Service Organization</b> |  |                     |                       |                    |  |
| Modified   | Modified purpose to discuss obtaining an understanding of the service provided, risk assessment, and designing and performing procedures responsive to the assessed risks.   | Purpose             | Clarification         |                    |  |
| Modified   | Minor wording changes throughout.  | Table               | Clarification         |                    |  |
| Modified   | Modified step 2, which now reads as follows:<br>We obtained and read the following to ensure the service auditor’s report met our audit objectives:  | Procedure Steps     | Clarification         |                    | Step will reset on roll forward due to content changes   |

| 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"> <li>The service auditor's report;</li> <li>The service organization's description of processes and controls; and</li> <li>Other information provided by the service auditor as applicable.</li> </ul>   |                 |                       |                    |  |
| Modified       | <p>Modified step 3, which now reads as follows:</p> <p>We inquired of entity management whether the service organization has reported to them, or they are otherwise aware of, any fraud, noncompliance with laws and regulations, or uncorrected misstatements affecting the financial statements of the user entity.</p>   | Procedure Steps | Clarification         |                    | Step will reset on roll forward due to content changes |
| Modified       | <p>Modified step 5, which now reads as follows:</p> <p>We obtained a sufficient understanding of the entity's internal control to evaluate the design and implementation of relevant controls by ensuring we had sufficient information to:</p> <ul style="list-style-type: none"> <li>Understand the nature of the services provided by the service organization and the significance of those services to the entity, including the effect thereof on the entity's internal control.</li> <li>Understand the user entity controls that relate to the services provided by the service organization, including those that are applied to the transactions processed by the service organization.</li> <li>Understand the nature and materiality of the transactions processed or accounts or financial reporting processes affected by the service organization.</li> <li>Determine whether the control objectives are relevant to the entity's financial statement assertions.</li> <li>The flow of significant transactions through the service organization's system to determine the points in the transaction flow where material misstatements in the user entity's financial statements could occur.</li> <li>Determine whether the service organization's controls are suitably designed to prevent or detect and correct processing errors that could result in</li> </ul> | Procedure Steps | Clarification         |                    | Step will reset on roll forward due to content changes |



| Type of Change | Description of Change  | Location        | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations         |
|----------------|--|-----------------|-----------------------|--------------------|--|
|                | <p>material misstatements in the entity's financial statements.</p> <ul style="list-style-type: none"> <li>Understand the degree of interaction between the activities of the service organization and those of the entity.</li> <li>Understand the nature of the relationship between the entity and the service organization, including the relevant contractual terms for the activities undertaken by the service organization.</li> </ul>   |                 |                       |                    |  |
| Modified       | <p>Modified step 7 to include Type 2 report:</p> <p>If we plan to use a Type 1 or Type 2 report as audit evidence to support the understanding about the design and implementation of controls at the service organization, we:</p> <ol style="list-style-type: none"> <li>Evaluated whether the description and design of controls at the service organization is at a date (Type 1) or for a period (Type 2) that is appropriate for our purposes.</li> <li>Evaluated the sufficiency and appropriateness of the evidence provided by the report for the understanding of the entity's internal control relevant to the audit.</li> <li>Determined whether complementary user entity controls identified by the service organization are relevant to the entity and, if so, obtained an understanding of whether the entity has designed and implemented such controls.</li> </ol> | Procedure Steps | Clarification         |                    | Step will reset on roll forward due to content changes |
| Deleted        | <p>Deleted step 8 as duplicative of step 7a:</p> <p>We evaluated the Type 1 report to determine that it was as of a date that is appropriate for our purposes.</p>   | Procedure Steps | Clarification         |                    |  |
| Modified       | <p>Added substep 8e as follows:</p> <p>Evaluating the scope of the service auditor's work and the services and processes covered, the controls tested, and the tests that were performed and the way in which tested controls relate to the entity's controls.</p>   | Procedure Steps | Clarification         |                    |  |
| Modified       | <p>Under "Conclusion", modified step 2 which now reads as follows:</p>   | Procedure Steps | Clarification         |                    | Step will reset on roll forward due to content changes |

| Type of Change   | Description of Change   | Location         | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations                                     |
|--|---|------------------|-----------------------|--------------------|--|
|  | <p>We also determined whether we can rely on the service auditor's report or whether we need to perform updating or other procedures with respect to the service organization. We considered the following in making this conclusion:</p> <ul style="list-style-type: none"> <li>• The reputation of the service auditor;</li> <li>• The date of the service auditor's report; and</li> <li>• Our review of the service auditor's report in terms of encompassing the assessed risks and controls related to the outsourced functions performed by the service organization.</li> </ul> |                  |                       |                    |  |
| <b>KBA-501 Team Discussion and Consideration of the Risks of Material Misstatement</b> |   |                  |                       |                    |  |
| Modified   | Added practice points within purpose section.   | Purpose          | Clarification         |                    |  |
| <b>KBA-502 Summary of Risk Assessments</b>   |   |                  |                       |                    |  |
| Modified   | Minor wording changes to improve readability; added additional verbiage about professional judgment.  | Instructions     | Clarification         |                    |  |
| <b>KBA-503 Basis for Inherent Risk Assessment</b>                                      |   |                  |                       |                    |  |
| Modified   | Added additional workpaper references and consideration of size and volume of transactions to the instructions.   | Instructions     | Enhancement           |                    |  |
| <b>KBA-902 Audit Review and Approval Checklist</b>                                     |   |                  |                       |                    |  |
| Modified   | <p>Under "Detailed Auditor Review", modified step 15 to read as follows:</p> <p>We have communicated misstatements to those charged with governance, management, and other parties, such as regulatory bodies.</p>  | Procedure Steps  | Clarification         |                    | Step will retain on roll forward if user selects to keep workpaper on roll forward |
| <b>KBA-904 Audit Documentation Checklist</b>   |   |                  |                       |                    |  |
| Modified   | Added practice point regarding peer review deficiencies.  | Purpose          | Enhancement           |                    |  |
| Modified   | <p>Modified step 15 to discuss material weaknesses:</p> <p>The audit documentation includes the written communication made to management and those charged with governance about significant deficiencies and material weaknesses in internal control, including those that were remediated during the audit (AU-C 265).</p>  | Procedures Steps | Clarification         |                    | Step will reset on roll forward due to content changes                             |
| <b>KBA-905 Review and Approval Checklist: Interim Review of Financial Information</b>  |   |                  |                       |                    |  |

| Type of Change | Description of Change  | Location         | Based on Standard Y/N | Standard Reference | Roll Forward and Update Content Considerations         |
|----------------|--|------------------|-----------------------|--------------------|--|
| Modified       | Under “Detailed Review”, modified step 7 and under “Engagement Partner” modified step 14 to read as follows:<br><br>We have communicated misstatements and internal control deficiencies to those charged with governance, management, and other parties, such as regulatory bodies. | Procedures Steps | Clarification         |                    | Step will reset on roll forward due to content changes |

## KBA-901 Financial Statement Disclosures Checklist

| Type of Change  | Description of Change   | Roll Forward and Update Content Considerations |
|---|---|--|
| <b>Table of Contents</b>                                  |   |  |
| Modify  | Merged the “Comprehensive Income” and “Income Statement – Reporting” sections along with Adding an “Overall” Subsection and removing the “Extraordinary Items” Subsection.  |  |
| Added   | Added the Subsection, “Contributions Made” to “720 – Other Expenses”.   |  |
| <b>Generally Accepted Accounting Principles (ASC 105)</b> |   |  |
| Deleted   | <p><i>Note:</i> The transition disclosures for adoption of a new accounting standard in items 1 and 2 below are required by. The amendments in represent changes to clarify the Codification, correct unintended application of guidance, or make minor improvements to the Codification that are not expected to have a significant effect on current accounting practice. In addition, some of the amendments are intended to make the Codification easier to understand and easier to apply by eliminating inconsistencies, providing needed clarifications, and improving the presentation of guidance in the Codification.</p> <p>Transition guidance varies based on the amendments. The amendments that require transition guidance are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is permitted, including adoption in an interim period. All other amendments were effective upon issuance of the ASU (i.e., June 12, 2015).</p> <p>1. Has the cumulative effect of a change in accounting principle, if any, resulting from the amendments in <u>Accounting Standards Update No. 2015-10, <i>Technical Corrections and Improvements</i></u>, been presented separately and recognized as an adjustment to the opening balance of retained earnings (or other appropriate components of equity or net assets in the balance sheet) for the period of adoption? (<i>Note:</i> The cumulative-effect adjustment is the difference between the amounts recognized in the balance sheet before initial application of the applicable amendments and the amounts recognized in the balance sheet at initial application of the applicable amendments.) (ASC 105-10-65-23)</p> |  |

| Type of Change  | Description of Change   | Roll Forward and Update Content Considerations |
|---|---|--|
|   | 2. Have the nature of the change and the reason for the change been disclosed in the period of adoption of the applicable amendments? ( <u>ASC 105-10-65-3</u> )  |  |
| Added   | <i>Note:</i> The “Generally Accepted Accounting Principles” Topic in the Codification does not prescribe any specific or incremental disclosure requirements as the structure in the Codification generally results in the inclusion of those requirements and related guidance in other Topics. For disclosure requirements prescribed in other Topics, refer to the applicable sections in this checklist for further guidance.   |  |
| <b>Presentation of Financial Statements (ASC 205)</b> |   |  |
| <b>Going Concern</b>                                  |   |  |
| Deleted   | <p><i>Note:</i> The presentation and disclosure requirements in items 1 through 6 below are prescribed by <u>ASU No. 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern</u>. These presentation and disclosure requirements are effective for annual periods ending after December 15, 2016, and interim periods within annual periods beginning after December 15, 2016. Early adoption is permitted for annual or interim reporting periods for which the financial statements have not previously been issued. (<u>ASC 205-40-65-1</u>)</p> <p>Prior to the issuance of <u>ASU No. 2014-15</u>, there was no guidance in U.S. GAAP about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern or to provide related disclosures in notes to financial statements. U.S. auditing standards and federal securities laws require that an auditor evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern for a reasonable period of time not to exceed one year beyond the date of the financial statements being audited. Auditing standards also require auditors to consider the possible financial statement effects, including the adequacy of disclosures on uncertainties about the entity’s ability to continue as a going concern for a reasonable period of time pursuant to <u>AU-C Section 570, The Auditor’s Consideration of an Entity’s Ability to Continue as a Going Concern</u>, or the PCAOB’s AS 2415, <i>Consideration of an Entity’s Ability to Continue as a Going Concern</i>. The SEC also has guidance on disclosures that it expects from an entity when an auditor’s report includes an explanatory paragraph that reflects substantial doubt about an entity’s ability to continue as a going concern for a reasonable period of time (The Codification of Financial Reporting Policies, Section 607.02). Therefore, prior to the effective date of <u>ASU No. 2014-15</u> and for entities that have not elected early adoption of <u>ASU No. 2014-15</u>, the disclosure requirements in items 7 and 8 below should be followed.</p> <p>7. If the auditor concludes, after considering management’s plans, that there is substantial doubt about the entity’s ability to continue as a going concern for a period of time not to exceed one</p> |  |

| Type of Change  | Description of Change   | Roll Forward and Update Content Considerations |
|---|---|--|
|   | <p>year beyond the balance-sheet date, do the financial statements include adequate disclosures such as the following ( AU-C 570.12 and AU-C 570.A4; PCAOB AS 2415.10):</p> <ol style="list-style-type: none"> <li>Pertinent conditions and events giving rise to the assessment of substantial doubt about the entity's ability to continue as a going concern for a period of time not to exceed one year beyond the balance-sheet date?</li> <li>The possible effects of such conditions and events?</li> <li>Management's evaluation of the significance of those conditions and events and any mitigating factors?</li> <li>Possible discontinuance of operations?</li> <li>Management's plans (including relevant prospective financial information)?</li> <li>Information about the recoverability or classification of recorded asset amounts or the amounts or classification of liabilities?</li> </ol> <p>8. When, primarily because of the auditor's consideration of management's plans, the auditor concludes that substantial doubt about the entity's ability to continue as a going concern for a period of time not to exceed one year from the balance-sheet date is alleviated, do the financial statements include adequate disclosures such as the following ( AU-C 570.13; PCAOB AS 2415.11):</p> <ol style="list-style-type: none"> <li>The principal conditions and events that initially caused the auditor to believe there was substantial doubt?</li> <li>The possible effects of such conditions and events, and any mitigating factors, including management's plans?</li> </ol> |  |
| <b>Income Statement – Reporting Comprehensive Income (ASC220)</b><br><b>Overall</b> |   |  |
| Added   | <ol style="list-style-type: none"> <li>Does net income reflect all items of profit and loss recognized during the period except for error corrections? (<u>ASC 220-10-45-7A</u>)</li> <li>Is the income statement classified into appropriate functional areas such as sales, costs of goods sold, operating expenses, and other items? (Generally accepted practice)</li> </ol> <p><i>Note:</i> The presentation and disclosure requirements in item 14 below have been superseded by the amendments in <u>ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities</u>, which is effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Thereafter, the presentation and disclosure requirements in item 15 below should be followed. Early adoption is permitted, including adoption in an interim period. (<u>ASC 815-20-65-3</u>)</p>   |  |
| Added   | <ol style="list-style-type: none"> <li>For derivative instruments and hedging activities, have the following disclosures been made as part of the disclosures of accumulated other comprehensive income (<u>ASC 815-30-50-2</u>) <ol style="list-style-type: none"> <li>The beginning and ending accumulated derivative instrument gain or loss?</li> </ol> </li> </ol>   |  |

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|                | <ul style="list-style-type: none"> <li>b. The related net change associated with current period hedging transactions?</li> <li>c. The net amount of any reclassification into earnings?</li> <li>d. The difference between the change in fair value of an excluded component and the initial value of that excluded component recognized in earnings under a systematic and rational method in accordance with paragraph 815-20-25-83A?</li> </ul> <p>16. Have the following been disclosed in the first interim and annual period of adoption for entities that elect to apply <u>ASU No. 2018-02</u> at the beginning of the period (annual or interim) of adoption (<u>ASC 220-10-65-4</u>)</p> <ul style="list-style-type: none"> <li>a. The nature of and reason for the change in accounting principle?</li> <li>b. The effect of the change on the affected financial statement line items?</li> </ul> <p>17. Have the following been disclosed in the first interim and annual period of adoption for entities that elect to apply <u>ASU No. 2018-02</u> retrospectively (<u>ASC 220-10-65-4</u>):</p> <ul style="list-style-type: none"> <li>a. The nature of and reason for the change in accounting principle?</li> <li>b. A description of the prior-period information that has been retrospectively adjusted?</li> <li>c. The effect of the change on the affected financial statement line items?</li> </ul> <p>18. Has disclosure been made of the description of the accounting policy for releasing income tax effects from accumulated other comprehensive income? (<u>ASC 220-10-50-1</u>)</p> <p>19. For an entity that elects to reclassify the income tax effects of H.R.1, An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018 (Tax Cuts and Jobs Act), in accordance with <u>ASC paragraph 220-10-45-12A</u>:</p> <ul style="list-style-type: none"> <li>a. Has the amount of that reclassification included the following (<u>ASC 220-10-45-12A</u>): <ul style="list-style-type: none"> <li>(1) The effect of the change in the U.S. federal corporate income tax rate on the gross deferred tax amounts and related valuation allowances, if any, at the date of enactment of the Tax Cuts and Jobs Act related to items remaining in accumulated other comprehensive income? (Note: The effect of the change in the U.S. federal corporate income tax rate on gross valuation allowances that were originally charged to income from continuing operations should not be included.)</li> <li>(2) Other income tax effects of the Tax Cuts and Jobs Act on items remaining in accumulated other comprehensive income that an entity elects to reclassify, subject to the disclosures in <u>ASC paragraph 220-10-50-2(b)</u>?</li> </ul> </li> <li>b. Has the entity disclosed in the period of adoption both of the following (<u>ASC 220-10-50-2</u>): <ul style="list-style-type: none"> <li>(1) A statement that an election was made to reclassify the income tax effects of the Tax Cuts and Jobs Act from accumulated other comprehensive income to retained earnings?</li> </ul> </li> </ul> |  |

| Type of Change                      | Description of Change   | Roll Forward and Update Content Considerations |
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|                                     | <p>(2) A description of other income tax effects related to the application of the Tax Cuts and Jobs Act that are reclassified from accumulated other comprehensive income to retained earnings, if any (see ASC paragraph 220-10-45-12A(b))?</p> <p>20. For an entity that does not elect to reclassify the income tax effects of the Tax Cuts and Jobs Act in accordance with <u>ASC paragraph 220-10-45-12A</u>, has disclosure been made in the period of adoption that an election was not made to reclassify the income tax effects of the Tax Cuts and Jobs Act from accumulated other comprehensive income to retained earnings? (<u>ASC 220-10-50-3</u>)</p>   |  |
| Removed                             | Extraordinary Income Section  |  |
| <b>Earnings Per Share (ASC 260)</b> |   |  |
| Removed                             | <p><i>Note:</i> The presentation and disclosure requirements in item 11 below are prescribed by <u>ASU No. 2015-06, Earnings Per Share (Topic 260): Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions</u>. <u>ASU No. 2015-06</u> is effective on a retrospective basis for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted. (<u>ASC 260-10-65-3</u>)</p>  |  |
| Added                               | <p><i>Note:</i> The presentation and disclosure requirements in item 12 below are prescribed by <u>ASU No. 2017-11, Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception</u>. The amendments in Part I of this ASU are effective on a retrospective basis for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the amendments in Part I of this ASU are effective on a retrospective basis for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted for all entities as of the beginning of an interim period for which financial statements (interim or annual) have not been issued or have not been made available for issuance. The amendments in Part II of this ASU do not require any transition guidance because those amendments do not have an accounting effect. (<u>ASC 260-10-65-4</u>)</p> <p>An entity should apply the amendments in <u>Part I of ASU No. 2017-11</u> either:</p> <p>1. Retrospectively to outstanding financial instruments with a down round feature by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the first fiscal year and interim period(s) in which <u>ASU No. 2017-11</u> is effective. The cumulative effect of the change should be recognized as an adjustment of the opening balance of retained earnings in the fiscal year and interim period of adoption; or</p> |  |

| Type of Change                     | Description of Change  | Roll Forward and Update Content Considerations |
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|                                    | 2. Retrospectively to outstanding financial instruments with a down round feature for each prior reporting period presented in accordance with the guidance on accounting changes in <u>ASC paragraphs 250-10-45-5 through 45-10</u> .   |  |
| Added                              | <p>12. Have the following transitional disclosures related to the adoption of ASU No. 2017-11 been made in both the interim and annual period of adoption (ASC 260-10-65-4):</p> <ol style="list-style-type: none"> <li>The nature of the change in accounting principle?</li> <li>The method of applying the change?</li> <li>The cumulative effect of the change on retained earnings in the balance sheet as of the beginning of the earliest period presented in which ASU No. 2017-11 is effective?</li> <li>If ASU No. 2017-11 is applied retrospectively in accordance with option 2. above, have the following disclosures been made: <ol style="list-style-type: none"> <li>A description of the prior-period information that has been retrospectively adjusted, if any?</li> <li>The effect of the change on income from continuing operations, net income (or other appropriate captions of changes in the applicable net assets or performance indicator), any other affected financial statement line item, and any affected per-share amounts for the current period and any prior periods retrospectively adjusted?</li> </ol> </li> </ol>   |  |
| <b>Interim Reporting (ASC 270)</b> |  |  |
| Added                              | <p><i>Note:</i> The presentation and disclosure requirements in item 7 below are prescribed by the amendments in <u>ASU No. 2016-02, Leases (Topic 842)</u>, which is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years for: (a) public business entities, (b) not-for-profit entities that have issued, or are conduit bond obligors for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and (c) employee benefit plans that file or furnish financial statements with or to the Securities and Exchange Commission. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted. (<u>ASC 842-10-65-1</u>)</p> <p>The SEC staff would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC adopting <u>ASC Topic 842</u> for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. However, a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC may still elect to adopt <u>ASC Topic 842</u> according to the public business entity effective dates discussed above. (<u>ASC 842-10-S65-1</u>)</p> |  |



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| <b>Other Assets and Deferred Costs (ASC 340)</b><br><b>Capitalized Advertising Costs</b> |  |  |
| Added  | <p><i>Note:</i> The presentation and disclosure requirements in items 1 and 2 below have been superseded by the amendments in <u>ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)</u>, subsequently amended, which is effective on a retrospective basis for public business entities, not-for-profit entities that have issued, or are conduit bond obligors for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and employee benefit plans that file or furnish financial statements with or to the Securities and Exchange Commission, for annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period. Early adoption is permitted only as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. For all other entities the requirements are effective on a retrospective basis for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. However, all such other entities may elect early adoption only as of either: (a) an annual reporting period beginning after December 15, 2016, including interim reporting periods within that reporting period; or (b) an annual reporting period beginning after December 15, 2016, and interim reporting periods within annual reporting periods beginning one year after the annual reporting period in which an entity first applies <u>ASU No. 2014-09</u>, as subsequently amended. Thereafter, the presentation and disclosure requirements in <u>Topic 606, Revenue from Contracts with Customers</u>, below should be followed. (<u>ASC 606-10-65-1</u>)</p> <p>The SEC staff would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC adopting <u>ASC Topic 606</u> for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. However, a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC may still elect to adopt <u>ASC Topic 606</u> according to the public business entity effective dates discussed above. (<u>ASC 606-10-S65-1</u>)</p> |  |
| <b>Other Assets and Deferred Costs (ASC 340)</b><br><b>Contracts with Customers</b>      |  |  |
| Added  | <p>The SEC staff would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC adopting <u>ASC Topic 606</u> for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. However, a public business entity that otherwise would not meet the definition of a public business entity except for a</p>  |  |

| Type of Change  | Description of Change  | Roll Forward and Update Content Considerations |
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|   | requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC may still elect to adopt <u>ASC Topic 606</u> according to the public business entity effective dates discussed above. ( <u>ASC 606-10-S65-1</u> )  |  |
| <b>Intangibles – Goodwill and Other (ASC 350)</b>   |  |  |
| <b>Disclosure and Presentation Requirements for Private Companies that Elect to Apply the Accounting Alternative for Goodwill</b> |  |  |
| Deleted   | <p><i>Note:</i> The disclosure and presentation requirements in items 1 through 6 below are prescribed by ASU No. 2014-02, <i>Intangibles — Goodwill and Other (Topic 350) – Accounting for Goodwill</i>, as amended by ASU No. 2016-03, <i>Intangibles — Goodwill and Other (Topic 350), Business Combinations (Topic 805), Consolidation (Topic 810), Derivatives and Hedging (Topic 815): Effective Date and Transition Guidance</i>, which is effective for private companies on a prospective basis for new goodwill recognized after the adoption of the guidance in the Accounting Alternative Subsections of <u>ASC Subtopic 350-20, Intangibles — Goodwill and Other—Goodwill</u>, and the guidance in <u>ASC paragraph 323-10-35-13</u>. For existing goodwill, the guidance is effective as of the beginning of the first fiscal year in which the accounting alternative is adopted. (<u>ASC 350-20-15-4 and 65-2</u>)</p> <p><i>Note:</i> Goodwill existing as of the beginning of the period of adoption should be amortized prospectively on a straight-line basis over 10 years, or less if an entity demonstrates that another useful life is more appropriate. (<u>ASC 350-20-65-2</u>)</p> <p><i>Note:</i> Upon adoption of the accounting alternative, an entity should make an accounting policy election to test goodwill for impairment at either the entity level or the reporting unit level. (<u>ASC 350-20-65-2</u>)</p> <p><i>Note:</i> A private company that makes an accounting policy election to apply the guidance in the Accounting Alternative Subsections of <u>ASC Subtopic 350-20</u> for the first time need not justify that the use of the accounting alternative is preferable as described in <u>ASC paragraph 250-10-45-2</u>. (<u>ASC 350-20-65-2</u>)</p> |  |
| <b>Intangibles – Goodwill and Other (ASC 350)</b>   |  |  |
| <b>Internal Use Software</b>  |  |  |
| Removed   | Internal Use Software Section  |  |
| <b>Commitments (ASC 440)</b>  |  |  |
| Added   | The SEC staff would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC adopting <u>ASC Topic 842</u> for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. However, a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC  |  |

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|   | may still elect to adopt <a href="#">ASC Topic 842</a> according to the public business entity effective dates discussed above. ( <a href="#">ASC 842-10-S65-1</a> )   |  |
| <b>Guarantees (ASC 460)</b>                             |  |  |
| Added   | The SEC staff would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC adopting <a href="#">ASC Topic 606</a> for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. However, a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC may still elect to adopt <a href="#">ASC Topic 606</a> according to the public business entity effective dates discussed above. ( <a href="#">ASC 606-10-S65-1</a> )  |  |
| <b>Debt (ASC 470)</b>                                   |  |  |
| Modified  | 1. Are significant categories of debt (e.g., notes payable to banks, related-party notes, capital lease obligations) and the terms, interest rates, maturity dates, and subordinate features disclosed? (Generally accepted practice)  |  |
| <b>Distinguishing Liabilities From Equity (ASC 480)</b> |  |  |
| Modified  | <p><i>Note:</i> The requirements in this section do not apply to certain mandatorily redeemable financial instruments and certain mandatorily redeemable noncontrolling interests as follows (<a href="#">ASC 480-10-65-1</a>):</p> <ul style="list-style-type: none"> <li><i>Certain mandatorily redeemable financial instruments of nonpublic entities that are not SEC registrants.</i> The classification, measurement, and disclosure provisions do not apply to mandatorily redeemable financial instruments of nonpublic entities, other than those that are mandatorily redeemable on fixed dates and for amounts that either are fixed or are determined by reference to an external index (e.g., interest rate index, currency index). For example, the requirements do not apply to shares of nonpublic entities that are required to be redeemed upon the death of the shareholder.</li> <li><i>Certain mandatorily redeemable noncontrolling interests of all entities, public and nonpublic:</i> <ul style="list-style-type: none"> <li>For mandatorily redeemable noncontrolling interests that would not have to be classified as liabilities by the subsidiary under the "only upon liquidation" exception in <a href="#">ASC paragraphs 480-10-25-4 and 480-10-25-6</a>, but would be classified as liabilities by the parent in consolidated financial statements, the classification and measurement provisions do not apply.</li> <li>For other mandatorily redeemable noncontrolling interests that were issued before November 5, 2003, the <i>measurement</i> provisions do not apply, both for the parent in consolidated financial statements and for the subsidiary that</li> </ul> </li> </ul> |  |

| Type of Change                                | Description of Change   | Roll Forward and Update Content Considerations |
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|   | <p>issued the instruments that result in the mandatorily redeemable noncontrolling interest. However, the <i>classification</i> provisions apply. In addition, for those instruments, the <i>measurement</i> guidance for redeemable shares and noncontrolling interests in other predecessor literature (e.g. in <u>ASC paragraph 480-10-S99-3A</u>) continues to apply.</p> <ul style="list-style-type: none"> <li>○ All public entities and nonpublic entities that are SEC registrants with mandatorily redeemable noncontrolling interests subject to the classification and measurement scope exception discussed above are required to follow the <i>disclosure</i> requirements in <u>ASC 480-10-50-1 through 50-3</u>, (see below), as well as disclosures required by other applicable guidance.</li> </ul>   |  |
| <b>Equity (ASC 505)</b>                       |   |  |
| Added   | <p><i>Note:</i> The presentation and disclosure requirements in items 5h, 6 and 7 below are prescribed by <u>ASU No. 2017-11, <i>Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception</i></u>. The amendments in Part I of this ASU are effective on a retrospective basis for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the amendments in Part I of this ASU are effective on a retrospective basis for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted for all entities as of the beginning of an interim period for which financial statements (interim or annual) have not been issued or have not been made available for issuance. The amendments in Part II of this ASU do not require any transition guidance because those amendments do not have an accounting effect. (<u>ASC 260-10-65-4</u>)</p> |  |
| Added   | Significant terms of contracts that may change conversion or exercise prices, excluding standard antidilution provisions?   |  |
| Added   | <p>6. Has disclosure been made of actual changes to conversion or exercise prices that occur during the reporting period, excluding changes due to standard antidilution provisions? (<u>ASC 505-10-50-3</u>)</p> <p>7. For a financial instrument with a down round feature that has been triggered during the reporting period, and for which an entity has recognized the effect in accordance with <u>ASC paragraph 260-10-25-1</u>, have the following disclosures been made (<u>ASC 505-10-50-3A</u>):</p> <ul style="list-style-type: none"> <li>a. The fact that the feature has been triggered?</li> <li>b. The value of the effect of the down round feature that has been triggered?</li> </ul>  |  |
| <b>Equity (ASC 505)</b>                       |   |  |
| <b>Equity-Based Payments to Non-Employees</b> |   |  |

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| Added  | <p><i>Note:</i> The presentation and disclosure requirements in items 1 and 2 below have been superseded by the amendments in <u>ASU No. 2018-07, Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting</u>, which is effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period, but not earlier than an entity's adoption date of <u>ASC Topic 606, Revenue from Contracts with Customers</u>.</p> <p>If an entity early adopts the amendments in <u>ASU No. 2018-07</u> in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. (<u>ASC 718-10-65-11</u>)</p> |  |
| <b>Compensation – Stock Compensation (ASC 718)</b> |  |  |
| <b>Overall</b>                                     |  |  |
| Modified   | The employee's requisite service period(s) and, if applicable, the nonemployee's vesting period and any other substantive conditions (including those related to vesting)?   | Will reset due to content changes              |
| Modified   | The method the entity uses for measuring compensation cost from share-based payment arrangements?  | Will retain on roll forward                    |
| Modified   | For fully vested share options (or share units) and share options expected to vest (or unvested share options for which the employee's requisite service period or the nonemployee's vesting period has not been rendered but that are expected to vest based on the achievement of a performance condition, if an entity accounts for forfeitures when they occur in accordance with ASC paragraph 718-10-35-3) at the date of the latest balance sheet, the following:   | Will reset due to content changes              |
| Modified   | Expected term of share options and similar instruments, including a discussion of the method used to incorporate the contractual term of the instruments and grantees' expected exercise and post-vesting termination behavior into the fair value (or calculated value) of the instrument?  | Will reset due to content changes              |
| Modified   | For an entity that grants equity or liability instruments under multiple share-based payment arrangements, the information specified in items (a) through (g) separately for different types of awards (including nonemployee versus employee) to the extent that the differences in the characteristics of the awards make separate disclosure important to an understanding of the entity's use of share-based compensation? Examples of separate disclosures for different types of awards include:   | Will reset due to content changes              |
| Modified   | The number of grantees affected?   | Will reset due to content changes              |
| Modified   | The method of estimating the fair value of the equity instruments granted (or offered to grant), during the period?  | Will reset due to content changes              |
| Added  | <p><i>Note:</i> The presentation and disclosure requirements in items 2 and 3 below are prescribed by the amendments in <u>ASU No. 2018-07, Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting</u>, which is effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal</p>   |  |

| Type of Change  | Description of Change  | Roll Forward and Update Content Considerations |
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|   | <p>years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period, but not earlier than an entity's adoption date of <u>ASC Topic 606, Revenue from Contracts with Customers</u>.</p> <p>If an entity early adopts the amendments in <u>ASU No. 2018-07</u> in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. (<u>ASC 718-10-65-11</u>)</p> <p>Note: An entity should apply <u>ASU No. 2018-07</u> in the same period in which it applies the pending content that links to <u>ASC paragraphs 718-10-65-12 through 65-14</u>.</p> <p>An entity should apply <u>ASU No. 2018-07</u> on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year in which <u>ASU No. 2018-07</u> is adopted. For purposes of</p> <p style="padding-left: 40px;">determining the cumulative-effect adjustment, an entity should:</p> <ol style="list-style-type: none"> <li>1. Assess only liability-classified awards that have not been settled by the date of adoption and equity-classified awards for which a measurement date has not been established.</li> <li>2. Remeasure awards as defined in 1. above at fair value as of the adoption date rather than grant-date fair value.</li> <li>3. Not remeasure assets that are completed. (e.g., finished goods inventory or equipment that has begun amortization would not be remeasured upon transition.) (<u>ASC 718-10-65-11</u>)</li> </ol> |  |
| Added   | <ol style="list-style-type: none"> <li>2. For assets (other than a note or a receivable) that a grantor has received in return for fully vested, nonforfeitable, nonemployee share-based payment awards that are issued at the date the grantor and non-employee enter into an agreement for goods or services (and no specific performance is required by the nonemployee to retain those equity instruments), have such assets <i>not</i> been displayed as contra-equity by the grantor of the award? (<u>ASC 718-10-45-3</u>)</li> </ol>   |  |
| Added   | <ol style="list-style-type: none"> <li>3. Have the following been disclosed in the first interim and annual period of adoption of <u>ASU No. 2018-07</u> (<u>ASC 718-10-65-11</u>): <ol style="list-style-type: none"> <li>a. The nature of and reason for the change in accounting principle?</li> <li>b. The cumulative effect of the change on retained earnings or other components of equity or net assets in the balance sheet as of the beginning of the period of adoption?</li> </ol> </li> </ol>   |  |
| <b>Compensation – Stock Compensation (ASC 718)</b><br><b>Employee Stock Ownership Plans</b> |  |  |

| Type of Change  | Description of Change  | Roll Forward and Update Content Considerations |
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| Deleted   | <p><i>Note:</i> The presentation and disclosure requirements in item 3f below have been affected by the amendments in ASU No. 2015-10, <i>Technical Corrections and Improvements</i>, which is effective on a prospective basis for entities for fiscal years and interim periods within those fiscal years beginning after December 15, 2015. Early adoption is permitted for any fiscal year or interim period for which the entity's financial statements have not yet been issued (public business entities) or financial statements are available to be issued (all other entities). (<a href="#">ASC 718-40-65-1</a>)</p> <p><i>Note:</i> <a href="#">ASU No. 2015-10</a> corrects the definition of fair value used for applying the if-converted EPS method for convertible preferred shares held by an ESOP plan in item 3f below. Upon adoption of <a href="#">ASU No. 2015-10</a>, the transitional disclosures in item 3e below should be made.</p> <p>e. Have the following transitional disclosures related to the adoption of <a href="#">ASU No. 2015-10</a> been made (<a href="#">ASC 718-40-65-1</a>):</p> <ol style="list-style-type: none"> <li>(1) The cumulative effect of the change in accounting principle recognized and presented separately as an adjustment to the opening balance of retained earnings (or other appropriate components of equity in the balance sheet) for the period of adoption?</li> </ol> <p><i>Note:</i> The cumulative-effect adjustment is the difference between the amounts recognized in the balance sheet before initial application of ASU No. 2015-10 and the amounts recognized in the balance sheet at initial application of ASU No. 2015-10.</p> <ol style="list-style-type: none"> <li>(2) The fact that the entity was using a framework other than the framework in ASC Topic 820 on fair value measurement in prior valuations?</li> <li>(3) A qualitative description of how the valuation methodology that was used differs from that of ASC Topic 820 and the possible effect on prior valuations?</li> <li>(4) The nature of the change and the reason for the change?</li> </ol> |  |
| <b>Compensation – Stock Compensation (ASC 718)</b><br><b>Income Taxes Related Matters</b> |  |  |
| Modified  | Have realized income tax benefits from dividends (or dividend equivalents) that are charged to retained earnings and are paid to grantees been recognized as an increase to additional paid-in capital? ( <a href="#">ASC 718-740-45-8</a> )   | Will reset on roll forward                     |
| <b>Other Expenses (ASC 720)</b><br><b>Contributions Made</b>                              |  |  |
| Added   | New section "Contributions Made".  |  |
| <b>Consolidation (ASC 810)</b>  |  |  |
| Modified  | <i>Note:</i> The presentation and disclosure requirements in item 9 below are prescribed by <a href="#">ASU No. 2014-10, <i>Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting</i></a>   |  |

| Type of Change   | Description of Change  | Roll Forward and Update Content Considerations |
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|  | <p><u><i>Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation.</i></u> The amendments in <u>ASU No. 2014-10</u> related to the consolidation guidance (<u>ASC Topic 810</u>), which should be applied retrospectively, are effective for annual reporting periods beginning after December 15, 2015 (and interim periods therein) for public business entities. For all other entities, the amendments to the consolidation guidance are effective for annual reporting periods beginning after December 15, 2016 and interim reporting periods within annual periods beginning after December 15, 2017.</p> <p>Early adoption is permitted for public business entities for any annual reporting period or interim period for which the entity's financial statements have not yet been issued. For all other entities, early adoption is permitted for financial statements that have not yet been made available for issuance.</p> <p>Where applicable, comparative disclosures in items 2 through 6 above are required only for periods after the effective date of <u>ASU No. 2014-10</u>.</p>   |  |
| <b>Derivatives and Hedging (ASC 815)</b><br><b>Overall</b> |  |  |
| Added  | <p><i>Note:</i> The presentation and disclosure requirements in items 1 through 3 below are prescribed by <u>ASU No. 2017-12, <i>Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities</i></u>, which is effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period. (<u>ASC 815-20-65-3</u>)</p> <p>If an entity early adopts <u>ASU No. 2017-12</u> in an interim period, any adjustments should be reflected as of the beginning of the fiscal year that includes that interim period (i.e., the initial application date).</p> <p>For cash flow hedges and net investment hedges existing (i.e., the hedging instrument has not expired, been sold, terminated, or exercised or the entity has not removed the designation of the hedging relationship) as of the date of adoption, an entity should apply <u>ASU No. 2017-12</u> related to the elimination of the separate measurement of ineffectiveness by means of a cumulative-effect adjustment to accumulated other comprehensive income with a corresponding adjustment to the opening balance of retained earnings as of the initial application date.</p> |  |
| Added  | <p><i>Note:</i> An entity may elect any of the following items upon adoption of <u>ASU No. 2017-12</u>:</p> <ol style="list-style-type: none"> <li>For a fair value hedge of interest rate risk existing as of the date of adoption, an entity may modify the measurement methodology for a hedged item in accordance with either <u>ASC paragraph 815-20-25-6B</u> or <u>ASC paragraph 815-25-35-13</u> without dedesignation of the hedging relationship. The cumulative basis adjustment carried forward should be adjusted to an amount that reflects what the cumulative basis</li> </ol>   |  |



| Type of Change | Description of Change   | Roll Forward and Update Content Considerations |
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|                | <p>adjustment would have been at the date of adoption had the modified measurement methodology been used in all past periods in which the hedging relationship was outstanding. When making this election, the benchmark rate component of the contractual coupon cash flows should be determined as of the hedging relationship's original inception date. The cumulative effect of applying this election should be recognized as an adjustment to the basis adjustment of the hedged item recognized on the balance sheet with a corresponding adjustment to the opening balance of retained earnings as of the initial application date.</p> <ul style="list-style-type: none"> <li>b. For the fair value hedges of interest rate risk for which an entity modifies the measurement methodology for the hedged item based on the benchmark rate component of the contractual coupon cash flows in accordance with item 1 above, an entity may elect to dedesignate a portion of the hedged item and reclassify the basis adjustment associated with the portion of the hedged item dedesignated to the opening balance of retained earnings as of the initial application date.</li> <li>c. For fair value hedges existing as of the date of adoption in which foreign exchange risk is the hedged risk or one of the hedged risks and a currency swap is the hedging instrument, an entity may, without dedesignation, modify its hedge documentation to exclude the cross-currency basis spread component of the currency swap from the assessment of hedge effectiveness and recognize the excluded component through an amortization approach. The cumulative effect of applying this election should be recognized as an adjustment to accumulated other comprehensive income with a corresponding adjustment to the opening balance of retained earnings as of the initial application date.</li> <li>d. For hedges existing as of the date of adoption that exclude a portion of the hedging instrument from the assessment of effectiveness, an entity may modify the recognition model for the excluded component from a mark-to-market approach to an amortization approach without dedesignation of the hedging relationship. The cumulative effect of applying this election should be recognized as an adjustment to accumulated other comprehensive income with a corresponding adjustment to the opening balance of retained earnings as of the initial application date.</li> <li>e. An entity may modify documentation without dedesignating an existing hedging relationship to specify the following: <ul style="list-style-type: none"> <li>1) For hedging relationships that currently use a quantitative method to assess effectiveness, that subsequent prospective and retrospective effectiveness assessments should be performed qualitatively in accordance with <u>ASC paragraph 815-20-25-3(b)(2)(iv)(03)</u></li> <li>2) For hedging relationships that currently use the shortcut method to assess effectiveness, the quantitative method that would be used to perform assessments of effectiveness in accordance with <u>ASC paragraph 815-20-25-117A</u> if the entity</li> </ul> </li> </ul> |  |

| Type of Change | Description of Change  | Roll Forward and Update Content Considerations |
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|                | <p>determines at a later date that use of the shortcut method was not or no longer is appropriate.</p> <p>f. For cash flow hedges existing as of the date of adoption in which the hedged risk is designated as the variability in total cash flows that meet the requirements to designate as the hedged risk the variability in cash flows attributable to changes in a contractually specified component or a contractually specified interest rate, an entity may:</p> <ol style="list-style-type: none"> <li>1) Modify the hedging relationship, without dedesignation, to specify the hedged risk is the variability in the contractually specified component or contractually specified interest rate</li> <li>2) Create the terms of the instrument used to estimate changes in value of the hedged risk (either under the hypothetical derivative method or another acceptable method in <u>ASC Subtopic 815-30</u>) in the assessment of effectiveness on the basis of market data as of the inception of the hedging relationship</li> <li>3) Consider any ineffectiveness previously recognized on the hedging relationship as part of the transition adjustment in accordance with the paragraph above the note to item 1 above regarding cash flow hedges and net investment hedges.</li> </ol> <p>g. An entity may reclassify a debt security from held-to-maturity to available-for-sale if the debt security is eligible to be hedged under the last-of-layer method in accordance with <u>ASC paragraph 815-20-25-12A</u>. Any unrealized gain or loss at the date of the transfer should be recorded in accumulated other comprehensive income in accordance with <u>ASC paragraph 320-10-35-10(c)</u>.</p> <p><i>Note:</i> For private companies that are not financial institutions as described in <u>ASC paragraph 942-320-50-1</u> and not-for-profit entities (except for not-for-profit entities that have issued, or are a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market), the elections in items 1 through 7 above should be determined before the next interim (if applicable) or annual financial statements are available to be issued.</p> <p><i>Note:</i> For all other entities, the elections in items 1 through 7 above should be determined before the first quarterly effectiveness assessment date after the date of adoption.</p> <p><i>Note:</i> For fair value hedges existing as of the date of adoption in which the hedged item is a tax-exempt financial instrument, the hedged risk may be modified to interest rate risk related to the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Rate. The modification should be considered a dedesignation and immediate redesignation of the hedging relationship. In this situation, the cumulative basis adjustment of the hedged item from the dedesignated hedging relationship should be amortized to earnings on a level-yield basis over a period of time based on the applicable requirements in other ASC Topics.</p> |  |

| Type of Change | Description of Change   | Roll Forward and Update Content Considerations |
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|                | <p><i>Note:</i> An entity is not required to apply the guidance in <u>ASC paragraph 815-20-25-81</u> when comparing hedging relationships executed before and after the date of adoption <u>ASU No. 2017-12</u> for any of the following:</p> <ul style="list-style-type: none"> <li>Hedging relationships executed before the date of adoption assessed under the shortcut method for which hedge documentation was not amended as permitted by item 5(ii) above, and hedging relationships executed after the date of adoption assessed under the shortcut method in accordance with <u>ASC paragraphs 815-20-25-117A through 25-117D</u></li> <li>Hedging relationships executed before the date of adoption for which the hedged risk was not amended to a contractually specified component or a contractually specified interest rate as permitted by item 6 above, and hedging relationships executed after the date of adoption for which the hedged risk is the variability in cash flows attributable to changes in a contractually specified component or a contractually specified interest rate</li> </ul> <p>Hedging relationships executed before the date of adoption for which the recognition of excluded components was not amended to an amortization approach as permitted by item 4 above, and hedging relationships executed after the date of adoption for which an amortization approach is elected in accordance with <u>ASC paragraph 815-20-25-83A</u>.</p> <p><i>Note:</i> On a prospective basis only for existing hedging relationships on the date of adoption (in all interim periods and fiscal years ending after the date of adoption), an entity should:</p> <ul style="list-style-type: none"> <li>Present the entire change in the fair value of the hedging instrument in the same income statement line item as the earnings effect of the hedged item when the hedged item affects earnings (with the exception of amounts excluded from the assessment of hedge effectiveness in a net investment hedge) in accordance with <u>ASC paragraphs 815-20-45-1A and 815-20-45-1C</u>.</li> </ul> <p>Disclose the items in <u>ASC Subtopic 815-10</u> as amended by <u>ASU No. 2017-12</u> (these items are addressed in this section below).</p> <ol style="list-style-type: none"> <li>For qualifying fair value and cash flow hedges, have the following been presented in earnings in the same income statement line item that is used to present the earnings effect of the hedged item (<u>ASC 815-20-45-1A</u>): <ol style="list-style-type: none"> <li>The change in the fair value of the hedging instrument that is included in the assessment of hedge effectiveness?</li> <li>Amounts excluded from the assessment of hedge effectiveness in accordance with <u>ASC paragraphs 815-20-25-83A through 25-83B</u>?</li> </ol> </li> </ol> <p><i>Note:</i> See <u>ASC paragraphs 815-20-55-79W through 55-79AD</u> for related implementation guidance.</p> |  |

| Type of Change | Description of Change   | Roll Forward and Update Content Considerations |
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|                | <p>2. For qualifying net investment hedges, have the amounts reclassified from accumulated other comprehensive income to earnings been presented in the same income statement line item that is used to present the earnings effect of the hedged net investment? (<a href="#">ASC 815-20-45-1C</a>)</p> <p>3. Has the net gain or loss on derivative instruments designated and qualifying as fair value or cash flow hedging instruments that are reported in comprehensive income been displayed as a separate classification within other comprehensive income? (<a href="#">ASC 815-20-45-3</a>)</p>   |  |
| Added          | <p><i>Note:</i> The presentation and disclosure requirements in items 5b and 5c above have been superseded by the amendments in <a href="#">ASU No. 2017-12, <i>Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities</i></a>, which is effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period. Thereafter, the presentation and disclosure requirements in items 5d through 5j below should be followed. (<a href="#">ASC 815-20-65-3</a>)</p> |  |
| Added          | The total amount of each income and expense line item presented in the income statement in which the results of fair value or cash flow hedges are recorded?  |  |
| Added          | For qualifying fair value and cash flow hedges, the line items and amount of the gains and losses on derivative instruments (and nonderivative instruments designated and qualifying as hedging instruments) and related hedged items reported either in the income statement or balance sheet (e.g., gains and losses initially recognized in other comprehensive income), with separate presentation of the gains and losses for all of the following by type of contract (e.g., interest rate contracts, foreign exchange contracts, equity contracts, commodity contracts, credit contracts, and other contracts), and by income and expense line item, if applicable:  |  |
| Added          | Derivative instruments (and nonderivative instruments) designated and qualifying as hedging instruments in fair value hedges and related hedged items designated and qualifying in fair value hedges?   |  |
| Added          | The gains and losses on derivative instruments designated and qualifying in cash flow hedges included in the assessment of effectiveness that were recognized in other comprehensive income during the current period?  |  |
| Added          | Amounts excluded from the assessment of effectiveness that were recognized in other comprehensive income during the period for which an amortization approach is applied in accordance with <a href="#">ASC paragraph 815-20-25-83A</a> ?   |  |
| Added          | The gains and losses on derivative instruments designated and qualifying in cash flow hedges that are included in the assessment of effectiveness and recorded in accumulated other comprehensive income during the term of the hedging relationship and reclassified into earnings during the current period?  |  |
| Added          | The portion of gains and losses on derivative instruments designated and qualifying in fair value and cash flow hedges representing the amount, if any, excluded from the assessment of hedge effectiveness that is recognized in earnings?   |  |

| Type of Change | Description of Change  | Roll Forward and Update Content Considerations |
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|                | <i>Note:</i> When disclosing this amount, an entity should disclose separately amounts that are recognized in earnings through an amortization approach in accordance with <u>ASC paragraph 815-20-25-83A</u> and amounts recognized through changes in fair value in earnings in accordance with <u>ASC paragraph 815-20-25-83B</u> .   |  |
| Added          | The gains and losses reclassified into earnings as a result of the discontinuance of cash flow hedges because it is probable that the original forecasted transactions will not occur by the end of the originally specified time period or within the additional period of time discussed in <u>ASC paragraphs 815-30-40-4 through 40-5</u> ?   |  |
| Added          | The amount of net gain or loss recognized in earnings when a hedged firm commitment no longer qualifies as a fair value hedge?   |  |
| Added          | For derivative instruments not designated or qualifying as hedging instruments, has disclosure been made of the line items and amount of the gains and losses on derivative instruments reported either in the income statement or balance sheet (e.g., gains and losses initially recognized in other comprehensive income), with separate presentation of the gains and losses by type of contract (e.g., interest rate contracts, foreign exchange contracts, equity contracts, commodity contracts, credit contracts, and other contracts)?  |  |
|                | For qualifying net investment hedges, has disclosure been made of the line items and amount of the gains and losses on derivative instruments (and such nonderivative instruments) and related hedged items reported either in the income statement or balance sheet (e.g., gains and losses initially recognized in other comprehensive income), with separate presentation of the gains and losses for all of the following by type of contract (e.g., interest rate contracts, foreign exchange contracts, equity contracts, commodity contracts, credit contracts, and other contracts): |  |
| Added          | The gains and losses on derivative instruments (and nonderivative instruments) designated and qualifying in net investment hedges that were recognized in the cumulative translation adjustment section of other comprehensive income during the current period?   |  |
| Added          | The gains and losses on derivative instruments (and nonderivative instruments) designated and qualifying in net investment hedges recorded in the cumulative translation adjustment section of accumulated other comprehensive income during the term of the hedging relationship and reclassified into earnings during the current period?  |  |
| Added          | The portion of gains and losses on derivative instruments (and nonderivative instruments) designated and qualifying in net investment hedges representing the amount, if any, excluded from the assessment of hedge effectiveness?   |  |
| Added          | Have the quantitative disclosures required by item 5a and items 5d through 5g above been presented in tabular format?<br><br><i>Note:</i> If a proportion of a derivative instrument is designated and qualifying as a hedging instrument and a proportion is not designated and qualifying as a hedging instrument, an entity should allocate the related amounts to the appropriate categories within the disclosure tables.   |  |
| Added          | Has the following been disclosed in tabular format for items designated and qualifying as hedged items in fair value hedges:   |  |

| Type of Change | Description of Change   | Roll Forward and Update Content Considerations |
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| Added          | The carrying amount of hedged assets and liabilities recognized in the balance sheet?   |  |
| Added          | The cumulative amount of fair value hedging adjustments to hedged assets and liabilities included in the carrying amount of the hedged assets and liabilities recognized in the balance sheet?  |  |
| Added          | The line item in the balance sheet that includes the hedged assets and liabilities?   |  |
| Added          | The cumulative amount of fair value hedging adjustments remaining for any hedged assets and liabilities for which hedge accounting has been discontinued?   |  |
| Added          | Has the following been disclosed separately for each line item in the balance sheet that includes hedged assets and liabilities for fair value hedges that involve hedging relationships designated under the last-of-layer method in accordance with <u>ASC paragraph 815-20-25-12A</u> :  |  |
| Added          | The amortized cost basis of the closed portfolio(s) of prepayable financial assets or the beneficial interest(s)?   |  |
| Added          | The amount that represents the hedged item(s) (i.e., the designated last of layer)?   |  |
| Added          | <p>The basis adjustment associated with the hedged item(s) (i.e., the designated last of layer)?</p> <p><i>Note:</i> For hedging relationships designated under the last-of-layer method, an entity may need to allocate the outstanding basis adjustment to meet the objectives of disclosure requirements in other ASC Topics. For purposes of those disclosure requirements, the entity may allocate the basis adjustment on an individual asset basis or on a portfolio basis using a systematic and rational method. (ASC 815-10-50-5B)</p>  |  |
| Added          | <p><i>Note:</i> The presentation and disclosure requirements in item 6 below are prescribed by <u>ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities</u>, which is effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period. (ASC 815-20-65-3)</p>  |  |
| Added          | If an entity elects to record changes in the fair value of amounts excluded from the assessment of effectiveness currently in earnings, has the entity disclosed this election in its summary of significant accounting policies? ( <u>ASC 815-10-50-4EEEE</u> )  |  |
| Added          | <p><i>Note:</i> The presentation and disclosure requirements in item 15 below are prescribed by <u>ASU No. 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities</u>, which is effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, including adoption in an interim period. (ASC 815-20-65-3)</p> |  |
| Added          | Have the following transitional disclosures related to the adoption of <u>ASU No. 2017-12</u> been made in each interim and annual period in the fiscal period of adoption ( <u>ASC 815-20-65-3</u> ):  |  |
| Added          | The nature of and reason for the change in accounting principle?  |  |

| Type of Change                           | Description of Change   | Roll Forward and Update Content Considerations |
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| Added                                    | The cumulative effect of the change on the opening balance of each affected component of equity or net assets in the balance sheet as of the date of adoption?  |  |
| <b>Derivatives and Hedging (ASC 815)</b> |   |  |
| <b>Cash Flow Hedges</b>                  |   |  |
| Added                                    | <i>Note:</i> The presentation and disclosure requirements in items 1 through 5 below have been superseded by the amendments in <u>ASU No. 2017-12, <i>Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities</i></u> , which is effective for public business entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. For all other entities, the requirements are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Thereafter, the presentation and disclosure requirements in items 6 through 9 below should be followed. Early adoption is permitted, including adoption in an interim period. ( <u>ASC 815-20-65-3</u> ) |  |
| Added                                    | Has the net gain or loss on derivative instruments designated and qualifying as cash flow hedging instruments that are reported in comprehensive income been displayed as a separate classification within other comprehensive income? ( <u>ASC 815-30-45-1</u> )   |  |
| Added                                    | Has the total amount reported in other comprehensive income (as determined in accordance with <u>paragraph 815-30-35-3(b)</u> ) for the hedging relationship first been allocated to each of the forecasted transactions (hedged items) within the hedging relationship to measure the amount of other comprehensive income to be reclassified into earnings in the coming 12 months if multiple cash flow exposures are designated as the hedged items for a single derivative instrument? ( <u>ASC 815-30-45-2</u> )  |  |
| Added                                    | Have the estimated amounts to be reclassified into earnings in the coming 12 months been summed after the amount reported in other comprehensive income has been allocated to each of the forecasted transactions within the hedging relationship? ( <u>ASC 815-30-45-3</u> )<br><br><i>Note:</i> The allocation method used above should be applied consistently and should consider any cumulative gain or loss on the derivative instrument that has been recognized in earnings as hedge ineffectiveness.   |  |
| Added                                    | Have the following disclosures been made for derivative instruments designated and qualifying as cash flow hedging instruments and for the related hedged transactions, for every annual and interim reporting period for which a balance sheet and an income statement is presented ( <u>ASC 815-30-50-1</u> ):  |  |
| Added                                    | A description of the transactions or other events that will result in the reclassification into earnings of gains and losses that are reported in accumulated other comprehensive income?   |  |
| Added                                    | The estimated net amount of the existing gains or losses that are reported in accumulated other comprehensive income at the reporting date that is expected to be reclassified into earnings within the next 12 months?   |  |
| Added                                    | The maximum length of time over which the entity is hedging its exposure to the variability in future cash flows for forecasted transactions excluding those forecasted transactions related to the payment of variable interest on existing financial instruments?   |  |

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| Added   | Have the following items been separately disclosed as part of the disclosures of accumulated other comprehensive income ( <a href="#">ASC 815-30-50-2</a> ):   |  |
| Added   | The beginning and ending accumulated derivative instrument gain or loss?   |  |
| Added   | The related net change associated with current period hedging transactions?  |  |
| Added   | The net amount of any reclassification into earnings?  |  |
| Added   | The difference between the change in fair value of an excluded component and the initial value of that excluded component recognized in earnings under a systematic and rational method in accordance with <a href="#">paragraph 815-20-25-83A</a> ?   |  |
| Added   | Has the total amount reported in other comprehensive income (as determined in accordance with <a href="#">paragraph 815-30-35-3(b)</a> ) for the hedging relationship first been allocated to each of the forecasted transactions (hedged items) within the hedging relationship to measure the amount of other comprehensive income to be reclassified into earnings in the coming 12 months if multiple cash flow exposures are designated as the hedged items for a single derivative instrument? ( <a href="#">ASC 815-30-50-5</a> )   |  |
| Added   | Has the estimated amounts to be reclassified into earnings in the coming 12 months been summed after the amount reported in other comprehensive income has been allocated to each of the forecasted transactions within the hedging relationship? ( <a href="#">ASC 815-30-50-6</a> )  |  |
|   | <i>Note:</i> The allocation method used above should be applied consistently.  |  |
| <b>Financial Instruments (ASC 825)</b>                                  |  |  |
| <b>Fair Value Option for Financial Assets and Financial Liabilities</b> |  |  |
| Added   | <p><i>Note:</i> The presentation and disclosure requirements in item c. below are prescribed by <a href="#">ASU No. 2018-03, Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</a>, which is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years beginning after June 15, 2018. However, public business entities with fiscal years beginning in the period between December 15, 2017, and June 15, 2018, are not required to adopt <a href="#">ASU No. 2018-03</a> until the interim period beginning after June 15, 2018. Early adoption, including adoption in an interim period, by a public business entity is permitted. (<a href="#">ASC 825-10-65-3a</a>)</p> <p>For all other entities, the requirements are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. For all other entities, early adoption is not permitted unless the entity has early adopted <a href="#">ASU No. 2016-01</a>. (<a href="#">ASC 825-10-65-3b</a>)</p> |  |



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|                | <p>Public business entities with fiscal years beginning in the period between December 15, 2017, and June 15, 2018, or other entities that have early adopted <u>ASU No. 2016-01</u> and that choose to adopt <u>ASU No. 2018-03</u> at the required adoption date or in an interim period before the required adoption date, should apply <u>ASU No. 2018-03</u> by means of a cumulative-effect adjustment to the balance sheet from the beginning of the fiscal year in which <u>ASU No. 2018-03</u> is applied to the adoption date of <u>ASU No. 2018-03</u>. (ASC 825-10-65-3c)</p> <p>Has the remeasurement of the component of the change in fair value of the liability resulting from the cumulative changes in instrument-specific credit risk been presented in accumulated other comprehensive income?</p> <p><i>Note:</i> When changes in instrument-specific credit risk are presented separately from other changes in fair value of a liability denominated in a currency other than an entity's functional currency, the component of the change in fair value of the liability resulting from changes in instrument specific credit risk should first be measured in the liability's currency of denomination, and then the cumulative amount should be adjusted to reflect the current exchange rate in accordance with <u>ASC paragraph 830-20-35-2</u>.</p> |  |
| Modified       | <p>If an entity elects the fair value option at the time (a) the accounting treatment for an investment in another entity changes because the investment becomes subject to the equity method of accounting, or (b) an event occurs that requires an eligible item to be measured at fair value at the time of the event but does not require fair value measurement at each reporting date after that (excluding the recognition of impairment under lower-of-cost-or-market accounting or accounting for securities under either ASC Topic 321, <i>Investments – Equity Securities</i>, or ASC Topic 326, <i>Financial Instruments – Credit Losses</i>), have the following been disclosed in the financial statements for the period of the election (ASC 825-10-50-32):</p>   | Will reset on roll forward                     |
| Added          | <p><i>Note:</i> The presentation and disclosure requirements in item 10 below are prescribed by <u>ASU No. 2018-03, Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</u>, which is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years beginning after June 15, 2018. However, public business entities with fiscal years beginning in the period between December 15, 2017, and June 15, 2018, are not required to adopt <u>ASU No. 2018-03</u> until the interim period beginning after June 15, 2018. Early adoption, including adoption in an interim period, by a public business entity is permitted. (ASC 825-10-65-3a)</p> <p>For all other entities, the requirements are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. For all other entities, early adoption is not permitted unless the entity has early adopted <u>ASU No. 2016-01</u>. (ASC 825-10-65-3b)</p>   |  |

| Type of Change            | Description of Change   | Roll Forward and Update Content Considerations |
|---------------------------|---|--|
|                           | <p>Public business entities with fiscal years beginning in the period between December 15, 2017, and June 15, 2018, or other entities that have early adopted <u>ASU No. 2016-01</u> and that choose to adopt <u>ASU No. 2018-03</u> at the required adoption date or in an interim period before the required adoption date, should apply <u>ASU No. 2018-03</u> by means of a cumulative-effect adjustment to the balance sheet from the beginning of the fiscal year in which <u>ASU No. 2018-03</u> is applied to the adoption date of <u>ASU No. 2018-03</u>. (<u>ASC 825-10-65-3c</u>)</p> <p>All other entities that have not adopted <u>ASU No. 2016-01</u> should follow the transition guidance in <u>ASC paragraph 825-10-65-2(e)</u>, as amended. (<u>ASC 825-10-65-3d</u>)</p>   |  |
| Added                     | For public business entities with fiscal years beginning in the period between December 15, 2017 and June 15, 2018, or other entities that have early adopted <u>ASU No. 2016-01</u> and that choose to adopt <u>ASU No. 2018-03</u> at the required adoption date or in an interim period before the required adoption date, have the following transition disclosures been made in the period of adoption ( <u>ASC 825-10-65-3e</u> ):  |  |
| Added                     | <p>The effect of the adoption on any line item in the balance sheet, if material, as of the beginning of the fiscal year for which <u>ASU No. 2018-03</u> is applied?</p> <p><i>Note:</i> Presentation of the effect on financial statement subtotals is not required.</p>  |  |
| Added                     | The cumulative effect of the change on retained earnings or other components of equity in the balance sheet from the beginning of the fiscal year in which <u>ASU No. 2018-03</u> is applied to the adoption date of <u>ASU No. 2018-03</u> ?   |  |
| <b>Interest (ASC 835)</b> |   |  |
| Deleted                   | <i>Note:</i> The presentation and disclosure requirements in item 2 below have been superseded by the amendments in <u>ASU No. 2015-03, Interest — Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs</u> , which is effective on a retrospective basis for public business entities for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the requirements are effective on a retrospective basis for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Thereafter, the presentation and disclosure requirements in items 3 and 4 below should be followed. Early adoption is permitted for financial statements that have not been previously issued. ( <u>ASC 835-30-65-1</u> ) |  |
| Deleted                   | Have debt issuance costs been reported in the balance sheet as deferred charges? ( <u>ASC 835-30-45-3</u> )   |  |
| Deleted                   | <i>Note:</i> The presentation and disclosure requirements in item 2 above have been superseded by the amendments in <u>ASU No. 2015-03, Interest — Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs</u> , which is effective on a retrospective basis for public business entities for fiscal years beginning after December 15, 2015, and interim periods within  |  |

| Type of Change          | Description of Change  | Roll Forward and Update Content Considerations |
|-------------------------|--|--|
|                         | those fiscal years. For all other entities, the requirements are effective on a retrospective basis for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Thereafter, the presentation and disclosure requirements in items 3 and 4 below should be followed. Early adoption is permitted for financial statements that have not been previously issued. ( <u>ASC 835-30-65-1</u> )   |  |
| Deleted                 | Have the following transitional disclosures related to the adoption of ASU No. 2015-03 been made in the first fiscal year after the entity's adoption date, and in the interim periods within the first fiscal year ( <u>ASC 835-30-65-1</u> ):  |  |
| Deleted                 | The nature of and reason for the change in accounting principle?   |  |
| Deleted                 | The transition method?   |  |
| Deleted                 | A description of the prior-period information that has been retrospectively adjusted?  |  |
| Deleted                 | The effect of the change on the financial statement line item (i.e., the debt issuance cost asset and the debt liability)?   |  |
| <b>Leases (ASC 842)</b> |  |  |
| <b>Overall</b>          |  |  |
| Added                   | The SEC staff would not object to a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC adopting <u>ASC Topic 842</u> for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. However, a public business entity that otherwise would not meet the definition of a public business entity except for a requirement to include or the inclusion of its financial statements or financial information in another entity's filing with the SEC may still elect to adopt <u>ASC Topic 842</u> according to the public business entity effective dates discussed above. ( <u>ASC 842-10-S65-1</u> )   |  |
| Modified                | An entity also may elect a practical expedient to not assess whether existing or expired land easements that were not previously accounted for as leases under <u>ASC Topic 840</u> are or contain a lease under <u>ASC Topic 842</u> . For purposes of this item 5, a land easement (also commonly referred to as a right of way) refers to a right to use, access, or cross another entity's land for a specified purpose. This practical expedient should be applied consistently by an entity to all its existing and expired land easements that were not previously accounted for as leases under. This practical expedient may be elected separately or in conjunction with either one or both of the practical expedients in item items 4 and 6. An entity that elects this practical expedient for existing or expired land easements should apply <u>ASC Topic 842</u> to land easements entered into (or modified) on or after the date that the entity first applies <u>ASC Topic 842</u> . An entity that previously accounted for existing or expired land easements as leases under <u>ASC Topic 840</u> above is not eligible for this practical expedient for those land easements. | Will reset on roll forward                     |

| Type of Change | Description of Change  | Roll Forward and Update Content Considerations |
|----------------|--|--|
| Added          | An entity also may elect a practical expedient, which must be applied consistently by an entity to all of its leases (including those for which the entity is a lessee or a lessor) to use hindsight in determining the lease term (i.e., when considering lessee options to extend or terminate the lease and to purchase the underlying asset) and in assessing impairment of the entity's right-of-use assets. This practical expedient may be elected separately or in conjunction with either one or both of the practical expedients in items 4 and 5 above. |  |
| Modified       | If an entity uses one or more of the practical expedients in items 4 through 6 above, it should disclose that fact.  |  |

## Audit Programs (AUDs)

| Type of Change                                      | Description of Change  | Location        | Based on Standard Y/N | Standard Reference | Roll Forward Considerations                            |
|---|--|-----------------|-----------------------|--------------------|--|
| <b>AUD-100 Engagement-Level Tailoring Questions</b> |  |                 |                       |                    |  |
| Added   | Added a comment box at the end of the document for user to document any information you want to capture related to tailoring.  | End of Document | N                     |                    |  |
| <b>AUD-101 Overall Audit Program</b>                |  |                 |                       |                    |  |
| Modified  | Minor wording changes throughout   |                 |                       | Modified           |  |
| Modified  | Added practice points throughout to provide practical guidance in completing the program.  | Procedure Steps | Enhancement           | Modified           |  |
| Modified  | Under "Preliminary Engagement Procedures", Modified step 10 to specifically refer to reaudit engagements and initial audit engagements:<br><br>Perform the preliminary engagement activities necessary to establish an appropriate audit strategy and audit plan, including the audit procedures necessary to obtain sufficient appropriate audit evidence regarding the opening balances in an initial or reaudit engagement. | Procedure Steps | Improve workflow      | Modified           | Step will retain on roll forward with default settings |
| Modified  | In multiple sections, modified last steps to highlight fair value measurements and revenue recognition as significant estimates:<br><br>Post information on the following matters that may have been identified to the <i>Communication Hub</i> :<br><br>a. Certain risks of material misstatement;  | Procedure Steps | Clarification         | Modified           | Step will retain on roll forward with default settings |

| Type of Change | Description of Change  | Location         | Based on Standard Y/N | Standard Reference | Roll Forward Considerations                             |
|----------------|--|------------------|-----------------------|--------------------|---|
|                | <ul style="list-style-type: none"> <li>b. Internal control deficiencies;</li> <li>c. Fraud risk factors;</li> <li>d. Noncompliance with laws and regulations;</li> <li>e. Litigation and claims;</li> <li>f. Potential contingencies;</li> <li>g. Significant estimates, including fair value measurements and revenue recognition;</li> <li>h. Misstatements; and</li> <li>i. Other information that should be considered in other phases of the audit.</li> </ul> <p>Other team members may then appropriately consider these matters when assessing and responding to the risks of material misstatement.</p> |                  |                       |                    |   |
| Delete         | <p>Under “Risk Assessment Procedures: Obtaining an Understanding of the Entity and its Environment”, deleted step 15 as it was duplicative of step 5 in table above:</p> <p>Document the understanding of the entity and its environment.</p>  | Procedure Steps  | Clarification         |                    |   |
| Modified       | <p>Under “Risk Assessment Procedures: Evaluating the Design of Internal Controls”, modified Step 45 for better understanding:</p> <p>Perform risk assessment procedures at the relevant assertion-level to identify and assess the risks of material misstatement for all significant account balances, classes of transactions, and disclosures; including consideration of information technology (IT) and “what could go wrong,” taking into account activity-level controls.</p>   | Procedures Steps | Clarification         |                    |   |
| Modified       | <p>Under “Risk Assessment Procedures: Evaluating the Design of Internal Controls”, modified step 3 as follows:</p> <p>Evaluate the design and implementation of relevant entity-level controls and the financial reporting process, including controls related to the development of significant financial statement disclosures, based on current information.</p>  | Procedures Steps | Clarification         |                    | Step will reset on roll forward due to content changes. |
| Modified       | <p>Under “Risk Assessment Procedures: Evaluating the Design of Internal Controls”, modified step 4 as follows:</p>   | Procedures Steps | Clarification         |                    | Step will retain on roll forward with default settings  |

| Type of Change | Description of Change   | Location         | Based on Standard Y/N | Standard Reference | Roll Forward Considerations |
|----------------|---|------------------|-----------------------|--------------------|-----------------------------|
|                | Perform risk assessment procedures at the relevant assertion-level to identify and assess the risks of material misstatement for all significant account balances, classes of transactions, and disclosures; including consideration of information technology (IT) and “what could go wrong,” taking into account activity-level controls.   |                  |                       |                    |                             |
| Added          | <p>Under “Risk Assessment Procedures: Evaluating the Design of Internal Controls”, added step 5 which reads as follows:</p> <p>2. When performing an integrated audit, we have performed the following procedures for purposes of identifying significant classes of transactions, account balances, and disclosures, and their relevant assertions, and understanding the likely sources of specific risks and potential misstatements:</p> <ul style="list-style-type: none"> <li>a. Obtained an understanding of the flow of transactions through the entity’s information systems related to the relevant assertions, including how these transactions are initiated, authorized, recorded, processed, and recorded; and how the information system captures events and conditions, other than transactions, that are significant to the financial statements;</li> <li>b. Identified the points within the entity’s processes at which a misstatement due to fraud or error could arise that, individually or in combination with other misstatements, would be material;</li> <li>c. Identified the controls that management has implemented to address these potential misstatements;</li> <li>d. Identified the extent to which manual and automated controls are important to the effective operation of automated controls, including information technology general controls; and</li> <li>e. Identified the controls that management has implemented over the prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity’s</li> </ul> | Procedures Steps | Improved workflow     |                    |                             |

| Type of Change | Description of Change   | Location         | Based on Standard Y/N   | Standard Reference   | Roll Forward Considerations                             |
|----------------|---|------------------|-------------------------|--|---|
|                | assets that could have a material effect on the financial statements.   |                  |                         |  |   |
| Modified       | <p>Under “Risk Assessment Procedures: Evaluating the Design of Internal Controls”, modified step 7 to highlight controls over revenue recognition:</p> <ol style="list-style-type: none"> <li>3. Obtain an understanding of the design and implementation of the entity’s controls and evaluate whether the controls sufficiently address identified risks of material misstatement due to fraud and the risk of management override of other controls, including: <ol style="list-style-type: none"> <li>a. Controls over significant, unusual transactions, particularly those that result in late or unusual journal entries;</li> <li>b. Controls over journal entries and adjustments made in the period-end financial reporting process;</li> <li>c. Controls over related party transactions;</li> <li>d. Controls related to significant management estimates;</li> <li>e. Controls over revenue recognition practices and policies; and</li> <li>f. Controls that mitigate incentives for, and pressures on, management to falsify or inappropriately manage financial results.</li> </ol> </li> </ol> | Procedures Steps | New or Revised Guidance | AICPA’s Audit and Accounting Guide: <i>Revenue Recognition</i> | Step will reset on roll forward due to content changes. |
| Modified       | <p>Under “Assessing the Risks of Material Misstatement”, modified step 3 to specifically consider disclosures:</p> <ol style="list-style-type: none"> <li>4. Identify, assess, and document the risks of material misstatement of the financial statements, including: <ol style="list-style-type: none"> <li>a. Risks of material misstatement at the financial statement level.</li> <li>b. Risks at the relevant assertion level for all significant account balances, classes of transactions, and disclosures, including consideration of omitted, incomplete, or inaccurate disclosures.</li> <li>c. Significant risks, including fraud risks.</li> </ol> </li> </ol>   | Procedures Steps | Clarification           |  | Step will reset on roll forward due to content changes  |

| Type of Change | Description of Change  | Location         | Based on Standard Y/N | Standard Reference | Roll Forward Considerations                             |
|----------------|--|------------------|-----------------------|--------------------|---|
|                | <ul style="list-style-type: none"> <li>d. Risks for which substantive procedures alone do not provide sufficient appropriate audit evidence.</li> <li>e. The degree of estimation uncertainty associated with accounting estimates, including whether estimates with high estimation uncertainty give rise to significant risks.</li> </ul>  |                  |                       |                    |   |
| Added          | <p>Under “Designing Audit Procedures in Response to Assessed Risks”, added step 3 regarding reliability of information produced by management:</p> <p>We evaluated the reliability of the information produced by management and others that has been provided for our use in performing audit procedures.</p>   | Procedures Steps | Improved Workflow     |                    |   |
| Modified       | <p>Under “Designing Audit Procedures in Response to Assessed Risks”, modified step 5 to emphasize intentional misstatement:</p> <p>Design further audit procedures to respond to the assessed risks of material misstatement at the relevant assertion level, including the risks of management override of internal controls and intentional misstatement, providing a clear link between the nature, timing, and extent of audit procedures and the risk assessments due to fraud or error. The procedures must address all relevant assertions related to each significant account balance, class of transactions, and disclosure, as well as the financial statement closing process.</p> <p>5. Procedures may include:</p> <ul style="list-style-type: none"> <li>a. Obtaining additional corroborative audit evidence from independent sources outside the entity or physically inspecting certain assets.</li> <li>b. Performing substantive tests closer to or at year-end.</li> <li>c. Increasing sample sizes or using computer-assisted audit techniques.</li> <li>d. Performing substantive analytical procedures using disaggregated data, for example, comparing gross profit by location, by line of business, or by month to expectations developed by the auditor.</li> </ul> | Procedures Steps | Clarification         |                    | Step will retain on roll forward using default settings |



| Type of Change | Description of Change  | Location         | Based on Standard Y/N | Standard Reference | Roll Forward Considerations |
|----------------|--|------------------|-----------------------|--------------------|-----------------------------|
|                | <ul style="list-style-type: none"> <li>e. Performing procedures at locations on a surprise or unannounced basis.</li> <li>f. Making oral inquiries of major customers and suppliers in addition to sending written confirmations.</li> <li>g. Interviewing personnel involved in activities in areas where fraud risk has been identified to obtain their insights about the risk and how controls address the risk.</li> <li>h. If other auditors are auditing the financial statements of other components (e.g., subsidiaries, divisions), discussing with them the extent of work that needs to be performed to address the fraud risk resulting from transactions and activities among these components.</li> </ul>   |                  |                       |                    |                             |
| Added          | <p>Under “Performing Audit Procedures: Tests of the Operating Effectiveness of Internal Controls” and “Performing Audit Procedures: Substantive Tests”, added step 5 and 6 to prompt Communication Hub updates as part of performing procedures related to internal control and substantive procedures:</p> <p>5. ...post any of the following matters that have been identified to the Communication Hub:</p> <ul style="list-style-type: none"> <li>a. Certain risks of material misstatement;</li> <li>b. Internal control deficiencies;</li> <li>c. Fraud risk factors;</li> <li>d. Noncompliance with laws and regulations;</li> <li>e. Litigation and claims;</li> <li>f. Potential contingencies;</li> <li>g. Significant estimates, including fair value measurements and revenue recognition;</li> <li>h. Misstatements; and</li> <li>i. Other information that should be considered in other phases of the audit.</li> </ul> | Procedures Steps | Improved workflow     |                    |                             |

| Type of Change  | Description of Change   | Location         | Based on Standard Y/N   | Standard Reference  | Roll Forward Considerations                            |
|---|---|------------------|-------------------------|---|--|
|   | Other team members may then appropriately consider these matters when assessing and responding to the risks of material misstatement.   |                  |                         |   |  |
| Modified  | Under “Evaluating, Concluding, and Reporting Procedures”, modified step 10 to emphasize accumulation of misstatements and other findings:<br><br>Ensure that misstatements and other findings have been accumulated and communicated to management in a timely manner. Consider drafting and issuing a management letter.   | Procedures Steps | Clarification           |   | Step will retain on roll forward with default settings |
| Modified  | Under “Evaluating, Concluding, and Reporting Procedures”, modified step 14 to remind the auditor to update the planned audit approach if necessary:<br><br>Evaluate the impact of deficiencies in internal control, whether individually, or in combination, they constitute significant deficiencies or material weaknesses and other audit findings as a whole and whether the planned audit approach needs to be updated accordingly.  | Procedures Steps | Clarification           |   | Step will retain on roll forward with default settings |
| Added   | Under “Evaluating, Concluding, and Reporting Procedures”, added step 22 regarding exempt offering documents:<br><br>Inquire of management whether the financial information of the entity will be included in exempt offering documents. If we determine that our auditor’s report will be included in the exempt offering document, we performed the appropriate procedures.   | Procedures Steps | New or Revised Guidance | SAS No. 133,<br><i>Auditor Involvement with Exempt Offering Documents</i> |  |
| Modified  | Under “Evaluating, Concluding, and Reporting Procedures”, modified step 23 to emphasize notes to the financial statements:<br><br>Draft an appropriate auditor’s report dated no earlier than the date on which we obtained sufficient appropriate audit evidence on which to base the auditor’s opinion on the financial statements, including related notes to the financial statements, and that those with recognized authority have asserted that they have taken responsibility for the completed financial statements. | Procedures Steps | Clarification           |   | Step will retain on roll forward with default settings |
| <b>AUD-201 Audit Program: Opening Balances and Additional Audit Procedures for an Initial or Reaudit Engagement</b> |   |                  |                         |   |  |
| Modified  | Modifications throughout to also refer to reaudit engagements.  |                  | Clarification           |   |  |

| Type of Change   | Description of Change   | Location         | Based on Standard Y/N | Standard Reference           | Roll Forward Considerations                                     |
|--|---|------------------|-----------------------|------------------------------|---|
|  | Renamed Title as seen above<br>Removed 1 TQ, with flow from AUD-100, as it is no longer relevant in the show/hide functioning of this workpaper<br>Is this a new or recurring engagement?   |                  |                       |                              |   |
| Modified   | Under “Opening Balance Procedures”, modified step 5 to remove reference to recurring engagements:<br>For a new engagement where no predecessor auditor exists, we obtained evidence and assessed the reasonableness of opening balances of significant balance sheet accounts.  | Procedures Steps | Improved Workflow     |                              | Step will reset on roll forward due to content changes          |
| <b>AUD-601 Audit Program: Testing and Evaluating Internal Auditor’s Work</b> |   |                  |                       |                              |   |
| Modified /Added  | Under Section I “Using the Work of the Internal Audit Function in Obtaining Audit Evidence”, modified step 5 and added step 6 to more clearly address reperformance of work performed by internal audit:<br>6. We reperformed some of the body of work performed by internal audit by performing procedures, such as:<br>a. Examining controls, transactions, or balances and supporting documentation that the internal auditors examined; or<br>b. Examining similar controls, transactions, or balances and supporting documentation not actually examined by the internal auditors.<br>7. We performed additional procedures on the work performed by internal audit sufficient to determine whether the work was adequate for the purpose of the engagement. Additional procedures may include the following:<br>13. Making inquiries of appropriate individuals within the internal audit function.<br>14. Observing procedures performed by the internal audit function.<br>15. Reviewing the internal audit function’s work program and working papers. | Procedures Steps | Clarification         |                              | Modified step will reset on roll forward due to content changes |
| <b>AUD-602 Audit Program: Involvement of a Component Auditor</b>             |   |                  |                       |                              |   |
| Modified   | Added practice alert regarding proposed guidance that may impact component auditors.  | Purpose          | Proposed Guidance     | Proposed SAS: <i>Omnibus</i> |   |

| Type of Change | Description of Change   | Location        | Based on Standard Y/N | Standard Reference                        | Roll Forward Considerations                            |
|----------------|---|-----------------|-----------------------|---|--|
|                |   |                 |                       | <i>Statement Auditing Standards, 2018</i> |  |
| Modified       | Modified instructions to clarify objectives of the auditor as it relates to group financial statements.   | Instructions    | Clarification         |   |  |
| Modified       | Added practice points throughout to provide practical guidance in completing the program.   | Procedure Steps | Enhancement           |   |  |
| Modified       | Under “Communications with the Component Auditor”, added subpoint m to step 5:<br><br>A request that the component auditor identify the financial information of the component on which the component auditor is reporting.   | Procedures      | Improved Workflow     |   | Step will retain on roll forward with default settings |
| Modified       | Under “Procedures Performed for Involvement of a Component Auditor”, modified the options in step 8 to include evaluation of independence requirements and other matters such as competence:<br><br>When determining whether to use the work of a component auditor and whether to make reference to the component auditor, we evaluated the following:<br><br><input type="checkbox"/> Whether there are differences in the financial reporting framework applied in preparing the component and group financial statements.<br><input type="checkbox"/> Whether the audit of the component financial statements will be completed in time to meet the group reporting schedule.<br><input type="checkbox"/> Whether there are differences in the auditing and other standards applied by the component auditor and those applied in the audit of group financial statements.<br><input type="checkbox"/> Whether it is impracticable for the group engagement team to be involved in the work of a component auditor.<br><input type="checkbox"/> Whether the component auditor meets the independence requirements that are relevant to the group audit. | Procedures      | Improved Workflow     |   | Step will reset on roll forward due to content changes |

| Type of Change  | Description of Change  | Location        | Based on Standard Y/N | Standard Reference | Roll Forward Considerations                            |
|---|--|-----------------|-----------------------|--------------------|--|
|   | <input type="checkbox"/> Whether we have any other serious concerns about other matters (e.g., competence of component auditor).   |                 |                       |                    |  |
| Modified  | Under “Procedures Performed for Involvement of a Component Auditor”, modified step 9 to emphasize reports on a different period-end:<br><br>If the component prepares financial statements using a different financial reporting framework or reports on a different period-end than that used by the group, we have evaluated following:  | Procedures      | Improved Workflow     |                    | Step will retain on roll forward with default settings |
| Modified  | Under “Procedures Performed for Involvement of a Component Auditor”, modified the options in step 10 to include reading the financial statements and the report of the component auditor:<br><br>We performed the following procedures to supervise, and review the work performed by, the component auditor:<br><br><input type="checkbox"/> Read the financial statements of the component and the report of the component auditor thereon.<br><br><input type="checkbox"/> Review of audit documentation of the component auditor.<br><br><input type="checkbox"/> Review of summary memo and other concluding documents of the component auditor.<br><br><input type="checkbox"/> Meetings with team members to discuss the significant matters, findings, and conclusions of the component auditor. | Procedures      | Clarification         |                    | Step will reset on roll forward due to content changes |
| Added   | Under “Procedures Performed for Involvement of a Component Auditor”, added step 14 as follows:<br><br>We have determined that the financial information identified in the component auditor’s communication is the financial information incorporated into the group financial statements:   | Procedures      | Improved Workflow     |                    |  |
| <b>AUD-603 Audit Program: Using the Work of an Auditor’s Specialist</b> |  |                 |                       |                    |  |
| Modified  | Added practice points throughout to provide practical guidance in completing the program.  | Procedure Steps | Enhancement           |                    |  |

| Type of Change  | Description of Change   | Location        | Based on Standard Y/N | Standard Reference | Roll Forward Considerations   |
|---|---|-----------------|-----------------------|--------------------|---|
| Modified  | Under “Agreement with the Auditor’s Specialist”, modified step 4 as follows:<br><br>The following describes our understanding of the nature, scope, and objectives of the work performed or to be performed by the specialist, as well as, complexity and nature of the matter to which specialist will perform work, including the risk of material misstatement related to the matter and the procedures we performed to gain that understanding: | Procedures      | Clarification         |                    | Step will reset on roll forward due to content changes  |
| <b>AUD-604 Audit Program: Using the Work of a Management’s Specialist</b> |   |                 |                       |                    |   |
| Modified  | Modified instructions to better instruct the auditor on when the form is to be used.  | Instructions    | Clarification         |                    |   |
| Modified  | Added practice points throughout to provide practical guidance in completing the program.   | Procedure Steps | Enhancement           |                    |   |
| <b>AUD-701 Audit Program: Designing Tests of Controls</b>                 |   |                 |                       |                    |   |
| Modified  | Minor wording changes, enhanced instructions and rearranged steps for better work flow.   | Throughout      | Improved Workflow     |                    | All rearranged steps will retain on roll forward if user selects to keep this workpaper on roll forward |
| Added   | Under “Selection of Control Activities”, added step 1 to further highlight the relationship with entity level controls:<br><br>We have considered the results of obtaining an understanding of entity level controls when identifying and selecting control activities for testing of operating effectiveness.  | Procedure Steps | Clarification         |                    |   |
| Modified  | Under “Timing of Tests of Controls”, modified step 9b as follows:<br><br>a. Updated controls tested at the interim date through the end of the period by extending the test of controls to transactions occurring in the remaining period or obtaining other evidence. In determining the extent of the additional tests needed we considered:<br><br>(1) The significance of the risks at the relevant assertion level;                            | Procedure Steps | Clarification         |                    | Step will reset on roll forward due to content changes  |

| Type of Change   | Description of Change   | Location                        | Based on Standard Y/N | Standard Reference | Roll Forward Considerations                                      |
|--|---|---------------------------------|-----------------------|--------------------|--|
|  | <ul style="list-style-type: none"> <li>(2) The specific controls that were tested during the interim period and the results of those tests;</li> <li>(3) The length of the remaining period;</li> <li>(4) The degree to which audit evidence about the operating effectiveness of those controls was obtained;</li> <li>(5) The extent of further planned reductions to substantive procedures;</li> <li>(6) The effectiveness of the control environment; and</li> <li>(7) Changes to the process or controls since interim testing.</li> </ul>  |                                 |                       |                    |  |
| Modified   | Under “Reliance on Controls Performed at a Service Organization”, remove duplicative steps and replaced with a reference to <b><i>KBA-412 Understanding Controls Maintained by a Service Organization</i></b> .   | Procedure Steps                 | Improved Workflow     |                    | Main step left will reset on roll forward due to content changes |
| Added  | <p>In results section, added two new steps as follows:</p> <p>Our level of control risk assessed during planning for all risks and assertions remains appropriate after completion of our audit procedures testing the operating effectiveness of controls:</p> <p>If we have identified deficiencies in internal control (including deficiencies in controls that are designed to prevent, or detect and correct, misstatements due to fraud), we have determined the effect of the deficiency on the nature, timing, and extent of substantive procedures to be performed in the audit of financial statements to reduce audit risk to an acceptably low level. Document below.</p> | Procedure Steps                 | Clarification         |                    |  |
| <b>AUD-800 Audit Program: Custom through AUD-821 Audit Program: Concentrations</b> |   |                                 |                       |                    |  |
| Modified   | Enhanced instructions and minor wording changes.  | Throughout                      | Improved Workflow     |                    |  |
| Modified   | <p>Under “Financial-Statement-Level Risks Summary”, added requirements regarding planned response to Management Override of Controls:</p> <p>Management override of internal controls. Planned response must incorporate:</p>   | Financial Statement Level Risks | Clarification         |                    |  |

| Type of Change   | Description of Change   | Location        | Based on Standard Y/N   | Standard Reference  | Roll Forward Considerations |
|--|---|-----------------|-------------------------|---|-----------------------------|
|  | <ul style="list-style-type: none"> <li>We incorporated an element of unpredictability in designing further audit procedures as follows:<br/>[Describe]</li> <li>We obtained an understanding of the process and related controls over journal entries and other adjustments.</li> <li>We tested journal entries and other adjustments.</li> <li>We reviewed significant accounting estimates for evidence of management bias.</li> <li>We obtained an understanding of the entity's rationale for significant and unusual transactions.</li> </ul> <p><b>These are given in KBA-502 as example planned responses to Management Override of Controls. The user can and should modify these based on the specific audit in the risk pane which will flow into this table in the AUD-800 series of workpapers.</b></p> |                 |                         |   |                             |
| Modified   | Added practice points throughout to provide practical guidance in completing the program.   | Procedure Steps | Enhancement             |   |                             |
| <b>AUD-801 Audit Program: Cash</b>                       |   |                 |                         |   |                             |
| Modified   | <p>Under "Cash Analytical", added an additional substep that the auditor may choose to perform.</p> <p>We scanned the cash receipts to identify any transaction just below the reporting/due diligence validation threshold for anti-money-laundering (i.e., \$10,000).</p>   | Program Steps   | Enhancement             |   |                             |
| <b>AUD-802A Audit Program: Investments in Securities</b> |   |                 |                         |   |                             |
| Modified   | Added practice alerts regarding ASU 2018-03 and 2017-11.  | Purpose         | New or Revised Guidance | ASU 2018-03, <i>Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10)—Recognition and Measurement of Financial Assets</i> |                             |



| Type of Change  | Description of Change  | Location      | Based on Standard Y/N | Standard Reference  | Roll Forward Considerations |
|---|--|---------------|-----------------------|---|-----------------------------|
|   |  |               |                       | <i>and Financial Liabilities</i><br>AUS 2017-11,<br><i>Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception”</i> |                             |
| Deleted   | Deleted step “Joint Ventures Equity Method – Another Auditor” as it is duplicative of step “Joint Ventures – Another Auditor”. | Program Steps | Improved Workflow     |   |                             |
| <b>AUD-803 Audit Program: Accounts Receivable and Revenue</b> |  |               |                       |   |                             |

| Type of Change     | Description of Change   | Location            | Based on Standard Y/N   | Standard Reference   | Roll Forward Considerations   |
|--------------------|---|---------------------|-------------------------|--|---|
| Added              | 1 new TQ, “Has the entity adopted AUS 2014-09? The following Steps in the Program Step Library will be marked N/A if you have answered “No” to this TQ:<br>Management Policies<br>Retrospective Applicable of Revenue Recognition Standard<br>Consultation<br>Revenue Recognition Transitional Disclosures  | Tailoring Questions | New or Revised Guidance | AICPA’s Audit and Accounting Guide: <i>Revenue Recognition</i> |   |
| Added              | Added multiple revenue related steps and practice points.<br>Revenue Recognition<br>Management Policies<br>Contractual Agreements<br>Inquiry of Management and Others<br>Retrospective Applicable of Revenue Recognition Standard<br>Combining Contracts<br>Contract Modifications or Amendments<br>Contract Cancellations<br>Assessing Management’s Conclusion<br>Revenue Estimates<br>Consultation<br>Revenue Recognition Transitional Disclosures  | Program Steps       | New or Revised Guidance | AICPA’s Audit and Accounting Guide: <i>Revenue Recognition</i> |   |
| Added/<br>Modified | Added step “Credit Limits”, and additional substeps under “Receivables Aging Testing” and “Additional Procedures” that auditors may choose to perform.<br><br>We identified any customers with balances over their credit limit or no credit limit and inquired of management to determine whether the extension of additional credit was authorized or represents a bad debt risk.<br><br>On a selective basis, we traced individual account balances, including large balances, in the aged trial balance to individual subsidiary ledgers and vice versa and determined whether they are collectible and legitimate and considered the need to confirm directly with the customer.<br><br>We identified customers with large period-end balances outstanding and compared their balances with their level of balances throughout the year to determine collectability. | Program Steps       | Enhancement             |  | Step e under “Receivables Aging Testing” will be reset on roll forward due to content changes |

| Type of Change  | Description of Change   | Location      | Based on Standard Y/N | Standard Reference | Roll Forward Considerations                                      |
|-----------------|---|---------------|-----------------------|--------------------|--|
| Added           | <p>Added step under “Allowance for Uncollectible Accounts” as follows:</p> <p>We reviewed the accuracy of management’s estimation of collectability of accounts receivable. Our consideration included historical accuracy, current trends, and possible future changes.</p>  | Program Steps | Enhancement           |                    |  |
| Modified /Added | <p>Modified step 12(e) and added step 12(j) under “Receivables and Revenue Cutoff” as follows:</p> <p>We confirmed with customers relevant contract terms and account activity, such as (1) side agreements; (2) acceptance criteria; (3) delivery and payment terms; (4) the absence of future or continuing vendor obligations; (5) the right to return the product; (6) guaranteed resale amounts; (7) cancellation or refund provisions; (8) sales returns; (9) credit memos; (10) merchandise receipt date; (11) unstated or implicit expectations or promises, (12) satisfaction of performance obligations, and (13) amounts written off that appear unusual, such as write-offs of balances due from continuing customers.</p> <p>We vouched the amount of revenue booked in the current period to the terms of the contract.</p> | Program Steps | Enhancement           |                    | Modified step will reset on roll forward due to content changes  |
| Modified        | <p>Modified step “Receivable from Related Party or Employee” to remove detailed steps and instead refer to <b>AUD-815 Audit Program: Related-Party Transactions</b></p> <p>Only one main step exists now and will be reset on roll forward.</p>   | Program Steps | Improved Workflow     |                    | Step will be reset on roll forward due to content changes        |
| Added/Modified  | <p>Added and modified steps under “Fraud Awareness” as follows:</p> <p>Management bias and incentive for improper revenue recognition.</p> <p>Excessive credit memos and other credit adjustments to accounts receivable made during the year and after the end of the accounting period under audit.</p> <p>Large or unusual adjustments to sales accounts made on weekends, public holidays, or at times outside normal business hours or that have posted just before or just after the end of the accounting period under audit.</p>  | Program Steps | Enhancement           |                    | Modified steps will retain on roll forward with default settings |

| Type of Change   | Description of Change   | Location            | Based on Standard Y/N | Standard Reference | Roll Forward Considerations |
|--|---|---------------------|-----------------------|--------------------|-----------------------------|
| Added  | <p>Added steps under “Additional Procedures” as follows:</p> <p>Identifying customers with excessive refunds (i.e., number or value of refunds), obtaining an understanding of the reason (e.g., quality of good sold, number of good delivered, billing errors) and determined whether goods were returned.</p> <p>Identifying instances of customer files with missing or inconsistent data (e.g., missing phone numbers, address, contact name) and duplicate files and evaluating whether the customer is valid.</p> <p>Identifying customers located in countries with whom the company is barred from doing business.</p> <p>Identifying customers with round balances to determine the validity of the transaction.</p> <p>Identifying any missing or unusual customer master data or commonality between employee master data and customer master data, such as address, postal code, telephone number or bank account number.</p> <p>Identifying sales that may have been invoiced multiple times.</p> <p>Identifying any missing invoices from a continuous sequence of numeric invoice references.</p> | Program Steps       | Enhancement           |                    |                             |
| <b>AUD-804 Audit Program: Inventories and Cost of Sales</b>                        |   |                     |                       |                    |                             |
| Modified   | <p>Added additional substep under “Additional Procedures” that the auditor may choose to perform.</p> <p>Identifying unusual items, such as inventory with money value above a certain threshold or inventory with zero or negative cost or quantity.</p>   | Program Steps       | Enhancement           |                    |                             |
| <b>AUD-805 Audit Program: Prepaid Expenses, Deferred Charges, and Other Assets</b> |   |                     |                       |                    |                             |
| Added  | <p>1 new TQ, “Does the entity have any deferred income or other deferred credits that were material to the overall financial statements under audit? The following Steps in the Program Step Library will be marked N/A if you have answered “No” to this TQ:</p> <p>Deferred Income and Deferred Credits</p>   | Tailoring Questions |                       |                    |                             |

| Type of Change                                  | Description of Change  | Location      | Based on Standard Y/N   | Standard Reference                     | Roll Forward Considerations   |
|---|--|---------------|-------------------------|--|---|
| Modified  | Added practice point regarding ASU 2016-02.  | Purpose       | New or Revised Guidance | ASU 2016-02, <i>Leases (Topic 842)</i> |   |
| Added   | <p>Moved step “Deferred income and Deferred Credits” from <b>AUD-809 Audit Program: Payroll and Other Liabilities</b>.</p> <p>If deferred income and other deferred credits were material to the overall financial statements or contain a specific risk and analytical procedures were not performed or were not sufficient, we performed the following procedures:</p> <p>We obtained an understanding of the nature of the account and the entity’s policy and method of accounting.</p> <p>We tested computations of the current-year activity (i.e., additions and reductions) by examining supporting documents or by applying analytical procedures to related revenue and expense accounts.</p> <p>We evaluated whether the method of amortization is consistent with the prior year.</p> <p>We evaluated whether the deferred credit balance at the balance sheet date is reasonable.</p> | Program Steps | Improved Workflow       |  | These steps will retain on roll forward using default settings from prior year AUD-809. |
| <b>AUD-806 Audit Program: Intangible Assets</b> |  |               |                         |  |   |
| Added   | <p>Added the following TQs along with steps that will be marked as N/A if these TQs are answered as “No”</p> <p>Has the entity elected to amortize goodwill over a period of less than 10 years?</p> <ul style="list-style-type: none"> <li>Useful Life Less than 10 Years – Accounting Alternative for Goodwill</li> </ul> <p>Does the entity have any goodwill or intangibles that were not tested in connection with the original business combination or other initial transaction?</p> <ul style="list-style-type: none"> <li>Goodwill/Intangible not Tested in Connection with Larger Transactions</li> </ul> <p>Does the entity have any intangible assets not subject to amortization?</p> <ul style="list-style-type: none"> <li>Impairment Testing Intangibles (Other than Goodwill) Not Subject to Amortization</li> </ul>  | Program Steps | Improved Workflow       |  |   |

| Type of Change   | Description of Change   | Location      | Based on Standard Y/N   | Standard Reference   | Roll Forward Considerations   |
|--|---|---------------|-------------------------|--|---|
| Modified   | Modified the following TQs:<br>Does the entity have intangible assets (other than goodwill) that are subject to amortization?<br>Did the entity dispose of any intangibles (other than goodwill) subject to amortization during the audit period?   | Program Steps | Improved Workflow       |  | These TQs will be reset on roll forward due to content changes        |
| Modified   | Modified step names to better reflect the steps to be performed.  | Program Steps | Improved Workflow       |  |   |
| Modified   | Modified and added steps “Impairment Testing – Accounting Alternative for Goodwill” (Previously “Triggering Events and Goodwill Impairment”) and “Impairment Testing – Goodwill (When NOT Electing the Accounting Alternative” (Previously “Goodwill Impairment Testing” and “Goodwill Impairment Testing More Frequently than Annually”) to better reflect procedures related to goodwill and other intangibles, including consideration of accounting alternatives. | Program Steps | Improved Workflow       |  | Some modified steps will reset on roll forward due to content changes |
| Modified   | Modified step 6 under “Amortization Criteria – Accounting Alternative for Goodwill as follows:<br>We evaluated whether the entity meets the criteria to elect to amortize goodwill.   | Program Steps | Improved Workflow       |  | Step will reset on roll forward due to content changes                |
| Modified   | Modified step 8 under “Impairment Policy – Accounting Alternative for Goodwill” as follows:<br>If the entity has elected to amortize goodwill, we have evaluated whether the entity’s accounting policy also reflects the election to test goodwill for impairment at either the entity level or at the reporting unit level, and whether that policy is consistently applied.  | Program Steps | Improved Workflow       |  | Step will reset on roll forward due to content changes                |
| <b>AUD-807 Audit Program: Property and Equipment, and Depreciation</b> |   |               |                         |  |   |
| Modified   | Added practice point regarding ASU 2017-01.   | Purpose       | New or Revised Guidance | ASU 2017-01, <i>Business Combinations (Topic 805): Clarifying the Definition of a Business</i> |   |

| Type of Change   | Description of Change   | Location      | Based on Standard Y/N | Standard Reference | Roll Forward Considerations  |
|--|---|---------------|-----------------------|--------------------|--|
| Modified   | <p>Modified step 3(c)(1) under “Property Roll Forward” as follows:</p> <p>We evaluated whether the assets capitalized are in accordance with the entity’s capitalization policy or whether those costs should have been expensed.</p>   | Program Steps | Enhancement           |                    | This step will retain on roll forward using default settings         |
| <b>AUD-808 Audit Program: Accounts Payable and Purchases</b> |   |               |                       |                    |  |
| Added  | <p>Added the following TQs along with steps that will be marked as N/A if these TQs are answered as “No”</p> <p>Are other accrued liabilities balances or transactions material to the overall financial statements?</p> <ul style="list-style-type: none"> <li>This TQ will show the next TQ is answered as “No”</li> </ul> <p>Have specific risks been identified associated with account balances for other accrued liabilities?</p> <ul style="list-style-type: none"> <li>Other Accrued Liabilities Testing</li> </ul>   | Program Steps | Improved Workflow     |                    |  |
| Added  | <p>Moved step “Other Accrued Liabilities Testing” from <b>AUD-809 Audit Program: Payroll and Other Liabilities</b>.</p> <p>Step will be marked N/A if</p>   | Program Steps | Improved Workflow     |                    | Steps will retain from AUD-809 on roll forward with default settings |
| Added/<br>Modified   | <p>Added and modified substeps under “Additional Procedures” that the auditor may choose to perform. Added steps are as follows:</p> <p>For each supplier, comparing prior period purchases with current period purchases in order to identify and investigate any unexpectedly large or small differences.</p> <p>Identifying all vendor accounts with balances greater than their credit limit and reviewing the payables listing for that supplier in order to check for errors, paying particular attention to manual adjustments and inquired about the entity’s ability to pay its debts, and its cash reserves.</p> <p>Reviewing accounts that have appeared dormant for extended periods of time, but have activity in the current period to determine the validity of the transactions.</p> <p>Identifying any missing or unusual vendor data or commonality between employee master data and vendor master data, such as address, postal code, telephone number or bank account number.</p> | Program Steps | Enhancement           |                    | Modified steps will reset on roll forward due to content changes     |

| Type of Change  | Description of Change   | Location      | Based on Standard Y/N | Standard Reference | Roll Forward Considerations |
|---|---|---------------|-----------------------|--------------------|-----------------------------|
|   | <p>Identifying any invoices that have rounded amounts (e.g., rounded to the nearest \$1000).</p> <p>Identifying vendors located in countries with whom the company is barred from doing business.</p> <p>Modified steps are as follows:</p> <p>Matching vendor names, addresses, unit prices, and prices per contract on the invoices with the master vendor list.</p> <p>Searching for unusual or large year-end transactions and adjustments, such as transactions that do not contain normal processing initials, have not gone through normal processes, do not have normal supporting documentation, or have posted on weekends, public holidays, or at times outside normal business hours.</p> <p>Reviewing vendor files for unusual items, such as vendors listed more than once, duplicate invoices, different delivery addresses, and vendors that have multiple addresses.</p> |               |                       |                    |                             |
| <b>AUD-809 Audit Program: Payroll and Other Liabilities</b> |   |               |                       |                    |                             |
| Modified /Deleted   | <p>Modified program name to “Audit Program: Payroll and Related Liabilities” from “Audit Program: Payroll and Other Liabilities”.</p> <p>Moved step “Deferred Income and Deferred Credits” to <b><i>AUD-805 Audit Program: Prepaid Expenses, Deferred Charges, and Other Assets.</i></b></p> <p>Moved step “Other Accrued Liability Testing” to <b><i>AUD-808 Audit Program: Accounts Payable and Purchases.</i></b></p> <p>Moved step “Claims Incurred But Not Reported (IBNR)” to <b><i>AUD-819 Audit Program: Commitments and Contingencies.</i></b></p>   |               |                       |                    |                             |
| Added   | <p>Added substeps under “Payroll and Short-Term Employee Benefit Liabilities Immaterial to Financial Statements” for additional analytical procedures that can be performed by the auditor.</p> <p>We compared direct labor and commission expense as a percentage of sales with that from previous years.</p>  | Program Steps | Enhancement           |                    |                             |



| Type of Change     | Description of Change  | Location      | Based on Standard Y/N | Standard Reference | Roll Forward Considerations                                      |
|--------------------|--|---------------|-----------------------|--------------------|--|
|                    | <p>We calculated the number of days of wages in accrued payroll and compensated absences and compared it with the entity's actual accrued amounts for reasonableness.</p> <p>We tested payroll expense for overall reasonableness by disaggregating the employee classifications and multiplying the number of employees in each category by the average pay rate for that category and then comparing the result with amounts recorded in the general ledger.</p> |               |                       |                    |  |
| Added              | <p>Added substep under "Payroll and Payroll Taxes Testing" for additional procedures that can be performed by the auditor.</p> <p>For selected employees, we recalculated individual employee payroll liability amounts using authorized payroll and deduction rates from the employee file and period timekeeping records, compared the calculated amounts to the accounting records, and investigated any significant or unexpected variances.</p>               | Program Steps | Enhancement           |                    |  |
| Added/<br>Modified | <p>Added step "Commissions" as follows:</p> <p>We reviewed incentive payments made to evaluate the circumstances in which employees (sales and non-sales) are trying to meet or exceed sales goals in order to achieve quotas or increase their commissions or bonuses.</p>  | Program Steps | Enhancement           |                    |  |
| Modified           | <p>Modified step under "Fraud Awareness" as follows:</p> <p>We were alert for items that may be indicative of fraud, such as employees taking little or no vacation time, employee files with missing or inconsistent data, employees with multiple pay rate increase, employees with no deductions, and payments made to bank accounts that are not held by active employees.</p>   | Program Steps | Enhancement           |                    | Step will reset on roll forward due to content changes           |
| Modified<br>/Added | <p>Modified step under "Additional Procedures" as follows:</p> <p>Searching for large or unusual adjustments or payments, including those made at or after year-end.</p> <p>Added the following steps:</p> <p>We identified any employees that have been paid before their start date or beyond the pay cycle after their leaving date.</p>  | Program Steps | Enhancement           |                    | Modified steps will reset on roll forward due to content changes |

| Type of Change                                 | Description of Change  | Location      | Based on Standard Y/N   | Standard Reference  | Roll Forward Considerations |
|--|--|---------------|-------------------------|---|-----------------------------|
|  | <p>We identified employees with excessive overtime hours in a week or month to ensure they are entitled.</p> <p>We identified any expense claims submitted multiple times, including where the same expense is claimed by multiple employees or claimed as a credit card and out of pock expense.</p> <p>We reviewed expense claims and verified them against proof of purchase (receipts) to ensure they are valid.</p>   |               |                         |   |                             |
| <b>AUD-810 Audit Program: Income Taxes</b>     |  |               |                         |   |                             |
| Modified                                       | Added practice alerts regarding ASU 2018-05 and 2016-09.   | Purpose       | New or Revised Guidance | <p>ASU 2018-05, <i>Income Taxes (Topic 740): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118</i></p> <p>ASU 2016-09, <i>Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting</i></p> |                             |
| <b>AUD-811 Audit Program: Debt Obligations</b> |  |               |                         |   |                             |
| Modified                                       | <p>Added substeps under the step “Restrictive Covenants” for additional procedures that can be performed by the auditor. Reviewing loan and other agreements (e.g., leases, etc.) and testing for compliance with loan covenants, including any "cross default" provisions (i.e., a violation of one loan covenant that affects other loan covenants).</p> <p>Reviewing the debt payment schedules and considering whether the entity has the ability to pay current debt installments or to refinance the debt, if necessary.</p> | Program Steps | Enhancement             |   |                             |

| Type of Change                       | Description of Change                                       | Location | Based on Standard Y/N   | Standard Reference   | Roll Forward Considerations |
|--------------------------------------|---|----------|-------------------------|--|-----------------------------|
| <b>AUD-812 Audit Program: Equity</b> |   |          |                         |  |                             |
| Modified                             | Added practice alert regarding ASU 2018-02 and ASU 2017-11. | Purpose  | New or Revised Guidance | <p>ASU 2018-02, <i>Income Statement – Reporting Comprehensive Income (Topic 220) – Reclassification of Certain tax Effects from Accumulated other Comprehensive Income</i></p> <p>ASU 2017-11, <i>Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain</i></p> |                             |

| Type of Change   | Description of Change   | Location      | Based on Standard Y/N | Standard Reference  | Roll Forward Considerations                            |
|--|---|---------------|-----------------------|---|--|
|  |   |               |                       | <i>Mandatorily Redeemable Noncontrolling Interests with a Scope Exception</i> |  |
| Modified   | Added substep under the step “Equity Analysis” for additional procedures that can be performed by the auditor.<br>We considered whether owner or shareholder notes receivable on the balance sheet in fact represent distributions and require reclassification.  | Program Steps | Enhancement           |   |  |
| <b>AUD-813 Audit Program: Other Income and Expense</b>                       |   |               |                       |   |  |
| Modified   | Combined main step and substeps under “Expense Accounts – Material amounts or Specific Risks Identified” into a single step.  | Program Steps | Improved Workflow     |   |  |
| <b>AUD-814 Audit Program: Journal Entries and Financial Statement Review</b> |   |               |                       |   |  |
| Added  | Added the following TQs along with steps that will be marked as N/A if these TQs are answered as “No”<br>Have we been requested to provide a consent in connection with a filing that includes the auditor's report?<br><br>Have we become aware of information that relates to financial statements that we previously reported on?                                  | Program Steps | Improved Workflow     |   |  |
| Deleted  | Deleted step “Understanding of Design of Controls over Journal Entries and Other Adjustments” as this is a control step, not a substantive step and is addressed in <b><i>KBA-411 Understanding Activity-Level Controls: Financial Reporting and Closing Process.</i></b>   | Program Steps | Improved Workflow     |   |  |
| Modified   | Modified step “Testing of Journal Entries and Other Adjustments” with specific circumstances that may be considered.<br>We selected and tested journal entries and other adjustments by obtaining supporting documentation of the nature and purpose of the journal entry, including whether the entry was properly authorized. In determining the items selected for | Program Steps | Enhancement           |   | Step will retain on roll forward with default settings |

| Type of Change | Description of Change  | Location      | Based on Standard Y/N | Standard Reference | Roll Forward Considerations                            |
|----------------|--|---------------|-----------------------|--------------------|--|
|                | testing and the nature, timing, and extent of such testing, we considered the following:   |               |                       |                    |  |
| Modified       | <p>Modified step “Testing of Journal Entries and Other Adjustments” with specific circumstances that may be considered.</p> <p>a. The characteristics of fraudulent entries or adjustments, such as the following:</p> <ol style="list-style-type: none"> <li>(1) Entries made to unrelated, unusual, or seldom-used accounts;</li> <li>(2) Entries made by individuals who typically do not make journal entries;</li> <li>(3) Entries made with little or no explanation or description at period-end or as post-closing entries;</li> <li>(4) Entries made before or during the preparation of the financial statements that do not have account numbers,</li> <li>(5) Journal entries that are overly complex (e.g., split over a large number of accounts);</li> <li>(6) Journal entries that do not balance or are missing information;</li> <li>(7) Journal entries with values that are unusually large for a particular account;</li> <li>(8) Journal entries with suspicious descriptions;</li> <li>(9) Journal entries that appear to be missing based on the entity’s numbering system; and</li> <li>(10) Entries that contain round numbers or a consistent ending number.</li> </ol> | Program Steps | Enhancement           |                    | Step will reset on roll forward due to content changes |
| Added          | <p>Added step under “Testing of Journal Entries and other Adjustments” as follows:</p> <p>Journal entries that are potentially duplicative (i.e., individual journal lines where the same amount has been posted more than once).</p> <p>The number and value of journal entries in each period and whether there appears to be any trends.</p>  |               |                       |                    |  |

| Type of Change | Description of Change   | Location      | Based on Standard Y/N | Standard Reference | Roll Forward Considerations  |
|----------------|---|---------------|-----------------------|--------------------|--|
| Added          | Added section, “Management’s Explanations for Significant or Unexpected Transactions” with following step:<br>We corroborated management’s explanations for significant unusual or unexpected transactions, events, amounts, or relationships.  | Program Steps | Enhancement           |                    |  |
| Added          | Added section “Identification of Misstatements” regarding situations when identified misstatements impact the prior year’s financial statements with following step:<br>If during our testing of adjustments we have identified misstatements in prior year’s financial statements, we have performed appropriate procedures to determine whether the prior period financial statements and auditor’s report should be revised as a consequence of the misstatement.  | Program Steps | Enhancement           |                    |  |
| Modified       | Moved steps “Consent to Include Auditor Report in a Filing” and “Information Relating to Previously Reported Financial Statements” from <b>AUD-818 Audit Program: Share-Based Payments</b> .  | Program Steps | Improved Workflow     |                    | These steps will retain from AUD-818 on roll forward with default settings |
| Added          | Added section “Comparability and Consistency” to provide the auditor a step to explicitly signoff on work done related to comparative financial statements with following steps:<br>We performed a review of the financial statements for comparability and consistency, including: <ul style="list-style-type: none"> <li>a. Determining whether the comparative financial statements or comparative information have been presented in accordance with any relevant requirements of the applicable financial reporting framework;</li> <li>b. Evaluating whether the comparative financial statements or comparative information agree with the amounts and other disclosures presented in the prior period or, when appropriate, have been restated for the correction of a material misstatement or adjusted for the retrospective application of an accounting principle;</li> <li>c. Evaluating whether the accounting policies reflected in the comparative financial statements or comparative information are consistent with those applied in the current period or if there have been</li> </ul> | Program Steps | Enhancement           |                    |  |

| Type of Change | Description of Change   | Location      | Based on Standard Y/N | Standard Reference | Roll Forward Considerations                             |
|----------------|---|---------------|-----------------------|--------------------|---|
|                | <p>changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed; and</p> <p>d. Performing additional procedures as needed to obtain sufficient appropriate audit evidence to evaluate whether a material misstatement exists when the auditor becomes aware of a possible material misstatement in the comparative financial statements or comparative information.</p>  |               |                       |                    |   |
| Modified       | <p>Added substep under “Consolidation or Combined Financial Statements” to document the auditor’s considerations regarding accounting policies of components when a component auditor is not being used as follows:</p> <p>If the financial information of a subsidiary has not been prepared in accordance with the same accounting policies applied to the parent, we evaluated whether the financial information of that subsidiary has been appropriately adjusted for purposes of the preparation and fair presentation of the group financial statements in accordance with the applicable financial reporting framework.</p> | Program Steps | Improved Workflow     |                    |   |
| Modified       | <p>Modified substep under “Reading of Financial Statements” to explicitly address fair presentation of the financial statement sin accordance with the applicable financial reporting framework as follows:</p> <p>Financial information contained in the statements and in the footnotes is appropriately presented, classified, and described, and disclosures are understandable and clearly expressed at appropriate amounts for the fair presentation of the financial statements in accordance with the applicable financial reporting framework.</p>   | Program Steps | Enhancement           |                    | Step will retain on roll forward using default settings |
| Modified       | <p>Modified step “Change in Accounting Principles” to explicitly address controls over a change in accounting principle in addition to consistency with the applicable financial reporting framework as follows:</p> <p>Where the entity has changed its accounting for significant transactions, we considered the reason for the change and evaluated whether management has designed and implemented controls over the change in accounting</p>  | Program Steps | Enhancement           |                    | Step will reset on roll forward due to content changes  |

| Type of Change   | Description of Change  | Location      | Based on Standard Y/N   | Standard Reference  | Roll Forward Considerations                                     |
|--|--|---------------|-------------------------|---|---|
|  | principle and whether the change is consistent with the applicable financial reporting framework.  |               |                         |   |   |
| <b>AUD-815 Audit Program: Related-Party Transactions</b> |  |               |                         |   |   |
| Modified   | Added practice alert regarding proposed guidance that may impact audit requirements regarding related party-transactions.  | Purpose       | Proposed Guidance       | Proposed SAS: <i>Omnibus Statement Auditing Standards, 2018</i>   |   |
| Modified   | Added practice alerts regarding ASU 2017-01 and 2016-17.   | Purpose       | New or Revised Guidance | ASU 2017-01, <i>Business Combinations (Topic 805): Clarifying the Definition of a Business</i> ;<br>ASU 2016-17, <i>Consolidation (Topic 810)</i> |   |
| Modified /Added  | Added additional substeps under “Existence of Related Parties” for reviewing the income tax returns and internal audit reports as follows:<br>We reviewed income tax returns.<br>We reviewed reports of the entity’s internal audit function, if applicable.<br>Modified the following step:<br>We reviewed invoices and correspondence from the entity’s professional advisers (e.g., law firm) that have performed regular or special services for the entity. | Program Steps | Enhancement             |   | Modified step will retain on roll forward with default settings |
| Added  | Added additional substeps under “Related-Party Transactions, Identified” for confirming related party accounts receivable and inspecting underlying contracts or purchase orders as follows:<br>For related party accounts receivable, we considered obtaining positive confirmation of the nature and terms of the transactions and evaluated the collectability of outstanding balances.   | Program Steps | Enhancement             |   |   |



| Type of Change  | Description of Change   | Location      | Based on Standard Y/N   | Standard Reference   | Roll Forward Considerations |
|---|---|---------------|-------------------------|--|-----------------------------|
|   | <p>We inspected underlying contracts (or purchase orders) and agreements and evaluated whether:</p> <ul style="list-style-type: none"> <li>(1) The business rationale (or lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.</li> <li>(2) The terms of the transactions are consistent with management's explanations.</li> <li>(3) The transactions have been appropriately accounted for and disclosed.</li> </ul> |               |                         |  |                             |
| <b>AUD-816 Audit Program: Fair Value Measurements and Disclosures</b> |   |               |                         |  |                             |
| Modified  | Added practice alert regarding ASU 2018-13.   | Purpose       | New or Revised Guidance | ASU 2018-03, <i>Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</i> |                             |
| Added   | <p>Added section “Testing Management’s Valuation Estimate” referring to <b><i>AUD-820 Audit Program: Accounting Estimates</i></b> with following step:</p> <p>We performed analytical procedures to test management’s fair value estimates.</p>   | Program Steps | Improved Workflow       |  |                             |
| <b>AUD-817 Audit Program: Variable Interest Entities</b>              |   |               |                         |  |                             |
| Deleted   | Deleted step “Operating Effectiveness of the Control Procedures” as duplicative of Section I.   | Program Steps | Improved Workflow       |  |                             |
| <b>AUD-818 Audit Program: Share-Based Payments</b>                    |   |               |                         |  |                             |
| Modified  | Modified step “Assessment of Risk” to read” Obtaining an Understanding of Share-Based Payments”   | Program Steps | Improved Workflow       |  |                             |

| Type of Change  | Description of Change   | Location                  | Based on Standard Y/N   | Standard Reference   | Roll Forward Considerations  |
|---|---|---------------------------|-------------------------|--|--|
| Deleted   | Moved steps “Consent to Include Auditor Report in a Filing” and “Information Relating to Previously Reported Financial Statements” to <i>AUD-814 Audit Program: Journal Entries and Financial Statement Review</i> .  | Program Steps             | Improved Workflow       |  | These steps will retain in AUD-814 on roll forward with default settings   |
| <b>AUD-819 Audit Program: Commitments and Contingencies</b> |   |                           |                         |  |  |
| Added   | Moved step “Claims Incurred But Not Reported (IBNR) from <i>AUD-809 Audit Program: Payroll and Other Liabilities</i> .  | Program Steps             | Improved Workflow       |  | These steps will retain from AUD-809 on roll forward with default settings |
| Modified  | Added practice points regarding revenue estimates.  | Purpose;<br>Program Steps | New or Revised Guidance | AICPA’s Audit and Accounting Guide: <i>Revenue Recognition</i> |  |
| <b>AUD-820 Audit Program: Accounting Estimates</b>          |   |                           |                         |  |  |
| Modified  | Modified substep under “Estimates, including Fair Value Estimates” to emphasize revenue-related estimates as follows:<br>We obtained an understanding of the entity’s process for developing accounting estimates, including revenue-related estimates.   | Program Steps             | New or Revised Guidance | AICPA’s Audit and Accounting Guide: <i>Revenue Recognition</i> | Step will retain on roll forward with default settings                     |
| Added   | Added substep under “Nature of Accounting Estimates” to address completeness an accuracy of the data used by management to develop the estimate as follows:<br>Evaluating the completeness and accuracy of the data used by management to develop the estimate.   | Program Steps             | Enhancement             |  |  |
| Added   | Added section “Changes in Estimates” and “Contradictory Evidence” for additional procedures that can be performed by the auditor with step as follows:<br>When applicable, we considered testing and obtaining evidence regarding the reasonableness of estimates updated by management.<br>We remained alert to contradictory evidence and evidence from procedures performed related to other accounts, such as receivables, cash, inventory, or allowances that may not be inconsistent with assumptions used by management in developing estimates. | Program Steps             | Enhancement             |  |  |

| Type of Change  | Description of Change  | Location        | Based on Standard Y/N | Standard Reference | Roll Forward Considerations                            |
|---|--|-----------------|-----------------------|--------------------|--|
| <b>AUD-901 Audit Program: Subsequent Events</b>                                   |  |                 |                       |                    |  |
| Modified  | Modified purpose to specifically include events occurring between the date of the financial information of any components and the date of the auditor's report on the group financial statements.  | Purpose         | Clarification         |                    |  |
| <b>AUD-902 Audit Program: Going Concern</b>                                       |  |                 |                       |                    |  |
| Modified  | Modified to remove references to early implementation of SAS-132 as it is now effective (SAS-132 was fully incorporated in the prior year).  | Procedure Steps | Clarification         |                    |  |
| Modified  | <p>Modified step 5 under "Section III:" as follows:<br/>We communicated with those charged with governance, when applicable, events or conditions identified that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. That communication included:</p> <ul style="list-style-type: none"> <li>a. Whether the conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time constitute substantial doubt;</li> <li>b. The auditor's consideration of management's plans;</li> <li>c. Whether management's use of the going concern basis of accounting, when relevant, is appropriate in the preparation of the financial statements;</li> <li>d. The adequacy of related disclosures in the financial statements; and</li> <li>e. The implications for the auditor's report.</li> </ul> | Procedure Steps | Clarification         |                    | Step will retain on roll forward with default settings |
| <b>AUD-904 Audit Program: Audit Program: Compliance with Laws and Regulations</b> |  |                 |                       |                    |  |
| Modified  | Modified purpose to clarify applicability of laws and regulations under AU- 250, <i>Consideration of Laws and Regulations in an audit of Financial Statements</i> .  | Purpose         | Clarification         |                    |  |
| <b>AUD-907 Interim Review Program: Review of Interim Financial Information</b>    |  |                 |                       |                    |  |

| Type of Change | Description of Change  | Location        | Based on Standard Y/N   | Standard Reference   | Roll Forward Considerations   |
|----------------|--|-----------------|-------------------------|--|---|
| Modified       | Added practice point regarding auditor involvement with exempt offering documents.   | Instructions    | New or Revised Guidance | SAS No. 133, Auditor <i>Involvement with Exempt Offering Documents</i> |   |
| Added          | Added substep 12d regarding the new revenue recognition standard:<br>The entity's implementation process for the new revenue recognition standard and the anticipated effects of the standard on the entity's financial statements.  | Procedure Steps | New or Revised Guidance | AICPA's Audit and Accounting Guide: <i>Revenue Recognition</i>         |   |
| Added          | Added practice points regarding new revenue recognition standard.  | Procedure Steps | New or Revised Guidance | AICPA's Audit and Accounting Guide: <i>Revenue Recognition</i>         |   |
| Modified       | <p>Modified steps 18 -20 to remove references to early implementation of SAS-132 as it is now effective (SAS-132 was fully incorporated in the prior year):</p> <p>If the applicable financial reporting framework does NOT require management to evaluate the entity's ability to continue as a going concern as part of interim financial reporting, and if there was doubt about the entity's ability to continue as a going concern in the prior period financial statements (even if the doubt was alleviated by management's plans), or we have become aware of conditions or events that raise substantial doubt about the entity's ability to continue as a going concern, we performed the following procedures:</p> <p>If the applicable financial reporting framework includes requirements for management to evaluate the entity's ability to continue as a going concern for a reasonable period of time in preparing interim financial information, we performed the following procedures:</p> <p>We included an emphasis-of-matter paragraph in the auditor's review report if any of the following circumstances apply (regardless of whether the entity is required under the applicable financial reporting framework to include a statement in the notes to the interim financial information that substantial doubt exists):</p> | Procedure Steps | Clarification           |  | Steps will retain on roll forward if users select to keep these on roll forward |

| Type of Change  | Description of Change  | Location | Based on Standard Y/N   | Standard Reference   | Roll Forward Considerations |
|---|--|----------|-------------------------|--|-----------------------------|
| <b>AUD-908 Interim Review Program: Management Inquiries</b> |  |          |                         |  |                             |
| Modified  | Added practice points regarding ASU 2016-01 and ASU 2018-03. | Purpose  | New or Revised Guidance | ASU No. 2016-01, <i>Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</i> ; ASU No. 2018-03, <i>Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10)—Recognition and Measurement of Financial Assets and Financial Liabilities</i> ; ASU No. 2017-11, <i>Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of</i> |                             |

| Type of Change | Description of Change  | Location        | Based on Standard Y/N   | Standard Reference   | Roll Forward Considerations                            |
|----------------|--|-----------------|-------------------------|--|--|
|                |  |                 |                         | <i>the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception;</i><br>ASU No. 2016-13, <i>Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i><br>ASU No. 2014-09, <i>Revenue from Contracts with Customers (Topic 606)</i> |  |
| Modified       | Under “General”, modified step 13 which now reads as follows:<br>*Are any entities, other than the reporting entity, commonly controlled (i.e., related parties) by the owners or are there any entities, other than the reporting entity, in which the owners have significant investments? | Procedure Steps | Clarification           |  | Step will reset on roll forward due to content changes |
| Added          | Under “General”, added steps 15 and 16 as follows:<br>*Does the entity participate in any collaborative arrangements?  | Procedure Steps | New or Revised Guidance | AICPA’s Audit and Accounting Guide: <i>Revenue Recognition</i>   |  |

| Type of Change | Description of Change   | Location        | Based on Standard Y/N   | Standard Reference   | Roll Forward Considerations  |
|----------------|---|-----------------|-------------------------|--|--|
|                | *Has the entity entered into any business combinations?   |                 |                         |  |  |
| Modified       | Under “General”, modified step 20 which now reads as follows:<br>If the reporting entity has an interest in a variable interest entity (VIE), has management performed an assessment of whether the reporting entity has a controlling financial interest in or fee arrangements with the VIE and, thus, is the VIE’s primary beneficiary?  | Procedure Steps | Clarification           |  | Step will retain on roll forward if user selects to keep on roll forward |
| Added          | Under “General” added step 26 as follows:<br>How does management ensure the reliability of the records to which the interim financial information was compared and reconciled?  | Procedure Steps | Enhancement             |  |  |
| Modified       | Modified steps under “Cash and Cash Equivalents” as follows:<br>Are there compensating balances or any other restrictions on the availability of cash balances?<br>Have intercompany transfers, if any, been reconciled and reported properly?  | Procedure Steps | Clarification           |  | Steps will reset on roll forward due to content changes                  |
| Added          | Added steps under “Investments in Marketable Equity Securities” for entities early implementing ASU 2016-01.<br>When applicable, have fair values been appropriately determined?<br>Was investment income properly determined?<br>Has an analysis been made to accrue dividends declared but not paid at the end of the period?<br>Are derivative instruments properly measured and disclosed in the financial statements?<br>Have the documentation or assessment requirements related to hedge accounting been met for derivative instruments utilized in hedge transactions?<br>Has appropriate consideration been given to the classification of investments between current and noncurrent?<br>Have there been any changes in methodology, outsourced valuation or pricing services, significant inputs? | Procedure Steps | New or Revised Guidance | ASU No. 2016-01, <i>Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</i> |  |

| Type of Change | Description of Change  | Location        | Based on Standard Y/N   | Standard Reference   | Roll Forward Considerations  |
|----------------|--|-----------------|-------------------------|--|--|
|                | <p>Have all investments in equity securities that have a readily available fair value and are not required to be accounted for under the equity method of accounting or are not consolidated been reported at fair value?</p> <p>Has the entity elected the practical expedient to value investments in equity securities without a readily available fair value at cost, less impairment, plus or minus observable price changes?</p> <p>Has the entity evaluated whether equity securities that are not valued fair value at are impaired?</p> |                 |                         |  |  |
| Modified       | <p>Modified steps under “Investments in Debt Securities” for entities early implementing ASU 2016-13.</p> <p>Does management have the positive ability and intent to hold the securities classified as held to maturity until they mature?</p> <p>Have the held-to-maturity and available-for-sale portfolios been evaluated to determine whether reductions are other than temporary or if ASU 2016-13 has been early implemented, have debt securities been evaluated for impairment using the current expected credit loss (CECL) model?</p>  | Procedure Steps | New or Revised Guidance | ASU No. 2016-13, <i>Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i> | The 2 <sup>nd</sup> step noted will reset on roll forward due to content changes |
| Added          | <p>Under “Receivables”, added step 13 as follows:</p> <p>*Are there significant credit balances that should be considered for reclassification into the liability section of the balance sheet?</p>  | Procedure Steps | Enhancement             |  |  |
| Added          | <p>Under “Inventories”, added step 6 as follows:</p> <p>Is any inventory held at other locations or held for others?</p>   | Procedure Steps | Enhancement             |  |  |
| Added          | <p>Under “Property, Plant and Equipment”, added steps 9 and 11 as follows:</p> <p>*Are there fully depreciated assets still in service?</p> <p>Have related assets been increased and liabilities recorded for asset retirement obligations associated with tangible long-lived assets?</p>  | Procedure Steps | Enhancement             |  |  |
| Modified       | <p>Modified step under “Intangible Assets” as follows:</p> <p>If the alternative accounting approach for goodwill, available to nonpublic entities, has not been elected, have goodwill</p>  | Procedure Steps | Enhancement             |  | Step will reset on roll forward due to content changes                           |



| Type of Change | Description of Change  | Location        | Based on Standard Y/N | Standard Reference | Roll Forward Considerations                            |
|----------------|--|-----------------|-----------------------|--------------------|--|
|                | and other intangible assets not subject to amortization been tested for impairment at least once per year?   |                 |                       |                    |  |
| Added          | <p>Added steps under “Intangible Assets” as follows:</p> <p>*Has the entity elected the accounting alternative to subsume certain intangibles into goodwill?</p> <p>Has the alternative accounting approach for accounting for goodwill, available to nonpublic entities, been elected?</p> <p>If the alternative accounting approach for goodwill, available to nonpublic entities, has been elected, has goodwill been appropriately amortized?</p> <p>If the alternative accounting approach for goodwill, available to nonpublic entities, has been elected, have any triggering events occurred that would result in goodwill being tested for impairment amortized?</p> <p>Are goodwill and general intangibles other than goodwill been reflected as intangible assets in the financial statements?</p> <p>Is goodwill aggregated and presented as a separate line item on the statement of financial position?</p> <p>Are general intangible assets other than goodwill aggregated and presented as a separate line item on the statement of financial position?</p> | Procedure Steps | Enhancement           |                    |  |
| Added          | <p>Under “Other Assets”, added steps 3 and 4 as follows:</p> <p>Are those assets representing costs that will benefit future periods being appropriately amortized?</p> <p>Have other assets been appropriately classified as current or noncurrent?</p>   | Procedure Steps | Enhancement           |                    |  |
| Added          | <p>Under “Long-Term Liabilities”, added steps 9-11 as follows:</p> <p>*Are there any noncash financing activities in which loan proceeds were paid directly to a vendor or other third party?</p> <p>Have all material lease agreements been properly reflected in the financial statements?</p> <p>*Are there any noncash financing activities in which loan proceeds were paid directly to a vendor or other third party?</p>  | Procedure Steps | Enhancement           |                    |  |
| Modified       | Modified under “Long-Term Liabilities” as follows  | Procedure Steps | Enhancement           |                    | Step will reset on roll forward due to content changes |

| Type of Change  | Description of Change  | Location        | Based on Standard Y/N   | Standard Reference   | Roll Forward Considerations                            |
|---|--|-----------------|-------------------------|--|--|
|   | Have the terms and other provisions of long-term liability agreements been properly reflected and adequately disclosed in the financial statements?  |                 |                         |  |  |
| Added   | Under “Other Liabilities, Contingencies, and Commitments”, added steps 8 and 11 as follows:<br>*Are there purchase commitments for quantities in excess of requirements or at prices in excess of market?<br>*Has the entity’s involvement in multi-employer pension plans, if any, been appropriately accounted for and properly disclosed? | Procedure Steps | Enhancement             |  |  |
| Modified  | Under “Revenues and Expenses”, updated step 6 to remove reference to infrequent and unusual items. The step now reads as follows:<br>Has an evaluation been made to determine whether the financial statements properly include discontinued operations?   | Procedure Steps | Enhancement             |  | Step will reset on roll forward due to content changes |
| Added   | Under “Other”, added step 10 as follows:<br>Have all misstatements identified during the engagement been presented to management for correction in the entity’s accounting system?   | Procedure Steps | Enhancement             | AUD-805  |  |
| <b>AUD-910 Audit Program: Specific Element, Account, or Item of a Financial Statement in Accordance with AU-C 805</b> |  |                 |                         |  |  |
| New   | <i>Added Audit Program: Specific Element, Account, or Item of a Financial Statement in Accordance with AU-C 805.</i>   | Program         | Enhancement             |  |  |
| <b>AUD-915 Audit or Interim Program: Auditor Involvement with Exempt Offering Documents</b>                           |  |                 |                         |  |  |
| New   | <i>Added Audit or Interim Program: Auditor Involvement with Exempt Offering Documents.</i>   | Program         | New or Revised Guidance | No. 133, <i>Auditor Involvement with Exempt Offering Documents</i> |  |

**Practice Aids (AIDs)** have been modified and updated, where applicable, with additional tips, references, and examples.

- **AID-201 Nonattest Services Independence Checklist** Added practice alerts regarding PEECs *Proposed Revised Interpretation: Information System Services (formerly Information Systems Design, Implementation or Integration)* and PEECs *Independence Interpretation, Hosting Services*; added factors to consider when assessing the skills, knowledge and experience of the individual designated to oversee the nonattest services; Added considerations regarding cybersecurity and hosting services.
- **AID-301 Analytical Procedures: Fluctuation Analysis** Added column for explanation/comments.
- **AID-302 Understanding the Entity’s Revenue Streams and Revenue Recognition Policies** Updated based on audit guidance from the AICPA Audit and Accounting Guide: *Revenue Recognition*.

- **AIDs 601, 603, 802, 823** Minor wording changes to improve usability.
- **AID-602 Understanding and Preliminary Assessment of the Entity's Internal Audit Function** Updated step 4 to emphasize quality control.
- **AIDs 701 Audit Sampling Worksheet for Tests of Controls, 801 Audit Sampling Worksheet for Substantive Tests of Details** Minor wording changes to improve usability; updated consistent with AICPA Audit Guide: *Audit Sampling – Clarified*.
- **AID-702 Results of Tests of Controls** Minor wording changes and reorganization of instructions to improve usability.
- **AID-808 Accounts Receivable: Confirmation Control Summary** Added column for alternative procedures.
- **AID-815 Notes Receivable Analysis** Added column for original principle amounts.
- **AID-822 PPE Summary Analysis** Added column for year of acquisition and subtotals.
- **Deleted: AID-835 Deferred Tax Analysis**
- **AID-842 Board Minutes Review Checklist** Added inquiry regarding meetings where minutes are not available.
- **AID-903 Audit Report Preparation Checklist** Added practice alert regarding proposed Statement on Auditing Standards (SAS), *Proposed Amendments – Addressing Disclosures in the Audit of Financial Statements*.

**Auditor's Reports (RPTs)** have been modified and updated, where applicable, in accordance with current guidance.

- **RPTs 0901 – 1059** Added practice alert regarding proposed Statement on Auditing Standards (SAS), *Proposed Amendments – Addressing Disclosures in the Audit of Financial Statements*.
- **RPTs 0944, 0945, 1030** Added practice alert regarding proposed Statement on Auditing Standards (SAS), *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*.
- **RPT-1033 Unqualified Opinion: Report in Connection with an Audit Conducted in Accordance with Both GAAS and PCAOB Auditing Standards, Not Within the Jurisdiction of the PCAOB** Updated to reflect changes in PCAOB reporting standards.
- **Deleted: RPT-0904 Unmodified Opinion: Emphasis-of-Matter Paragraph Related to Going-Concern Uncertainty (Before Implementing SAS-132)**
- **Deleted: RPT-1056 Unmodified Report on a Review of Interim Financial Information: Emphasis-of-Matter Paragraph When a Going Concern Emphasis-of-Matter Paragraph Was Included in the Prior Year's Audit Report, and Conditions Giving Rise to the Emphasis-of-Matter Paragraph Continue to Exist (Before Implementing SAS-132)**
- **Deleted: RPT-1057 Unmodified Report on a Review of Interim Financial Information: Emphasis-of-Matter Paragraph When a Going Concern Emphasis-of-Matter Paragraph Was Not Included in the Prior Year's Audit Report, and Conditions or Events Exist as of the Interim Reporting Date Covered by the Review That Might Be Indicative of the Entity's Possible Inability to Continue as a Going Concern (Before Implementing SAS-132)**
- **Reindexed: RPT-0904A Unmodified Opinion: Emphasis-of-Matter Paragraph Related to Going-Concern Uncertainty (In Accordance with SAS-132) to RPT-0904**
- **Reindexed: RPT-1056A Unmodified Report on a Review of Interim Financial Information: Emphasis-of-Matter Paragraph When a Going Concern Emphasis-of-Matter Paragraph Was Included in the Prior Year's Audit Report, and Conditions or Events Have Been Identified and Substantial Doubt Continues to Exist (In Accordance with SAS-132) to RPT-1056**
- **Reindexed: RPT-1057A Unmodified Report on a Review of Interim Financial Information: Emphasis-of-Matter Paragraph When a Going Concern Emphasis-of-Matter Paragraph Was Not Included in the Prior Year's Audit Report, and When Management Is Required under the Applicable Financial Reporting Framework to Include a Statement in the Notes to the Interim Financial Information That Conditions or Events Have Been Identified and Substantial Doubt Exists and Such Statement Is Included in the Notes to the Interim Financial Information (In Accordance with SAS-132) to RPT-1057**

**Correspondence Documents (CORs)** have been modified and updated, where applicable, in accordance with current guidance.

- **CORs 201, 201A, 202, 202A** Updated management's responsibilities to include nonattest services, fraud, and accuracy and completeness; updated footnotes regarding nonattest services; added footnote regarding involvement with exempt offering documents; and updated Appendix A based on current guidance.

- **COR-213 Group Engagement Team's Letter of Instruction to the Component Auditor who Performs Certain Audit Procedures or Audits the Financial Statements of a Component** Modified instructions to include corrected and uncorrected misstatements.
- **COR-216 Communication with Those Charged with Governance During Planning** Added practice alert regarding proposed Statement on Auditing Standards (SAS) *Omnibus Statement Auditing Standards, 2018*.
- **COR-807 Request for Confirmation of Notes Receivable** Added examples of collateral.
- **COR-814 Request for Confirmation of Mortgage Debt** Added additional information to be confirmed.
- **COR-815 Request for Confirmation of Lines of Credit** Added specific request for details of actual or technical default.
- **COR-822 Confirmation of Sales Terms** Added additional information to be confirmed.
- **COR-901 Management Representation Letter** Added representation regarding nonattest services and management's analysis of the entity's ability to continue as a going concern.
- **COR-902 Updating Management Representation Letter** Updated for SAS-133 (AU-C Section 945), *Auditor Involvement with Exempt Offering Documents*.
- **COR-903 Communication with Those Charged with Governance** Removed references to early implementation of SAS-132; Added practice alert regarding proposed Statement on Auditing Standards (SAS) *Omnibus Statement Auditing Standards, 2018*.
- **CORs 908 Management Representation Letter: Interim Review of Financial Information-Short Form, 909 Long Form** Added representation regarding nonattest services.
- **NEW COR-912 Management Letter Comments - Illustration**

## Resource Documents (RESs)

- **RES-001 Knowledge-Based Audit Methodology Overview** modified and updated as appropriate.
- **RES-002 Index of Audit Programs, Forms, and Other Practice Aids** modified and updated as appropriate.
- **RESs 004, 005** Minor wording changes to improve usability; updated consistent with AICPA Audit Guide: *Audit Sampling – Clarified*.
- **RES-007 Guidelines for Performing Effective Walkthroughs and Making Inquiries** modified and updated as appropriate.
- **RES-009 – 017** enhanced control objectives, what can go wrong, and controls to improve usability.
- **RES-018 Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts** updated the discussion of the relationship between tolerable misstatement and performance materiality consistent with AICPA Audit Guide: *Audit Sampling – Clarified*.
- **RES-019 Example Factors to be Considered when Understanding the Entity and its Environment** modified and updated as appropriate.
- **RES-025 Variable Interest Entity (VIE) Checklist** modified and updated as appropriate.
- **NEW RES-027 Controls Related to ASC 606, Revenue From Contracts with Customers - Five Step Model**
- **RES-QCA Meeting Quality Control Standards Using KBA Audit Tools** modified and updated as appropriate.

**In addition, forms and practice aids throughout have been updated to include new examples and tips and, where applicable, to take into account:**

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

Statements on Auditing Standards (SASs):

SAS No. 132, *The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern*

FASB Accounting Standards Codification as of June 30, 2018, and through Accounting Standards Update (ASU) No. 2018-08, including:

- ASU No. 2018-07, Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting
- ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.

Users of this content should consider guidance issued subsequent to these items to determine their effect on engagements conducted using this product.

## RELATED, FOUNDATIONS AND ASSOCIATION 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.

Associated workpapers require you to associate them with custom values, such as audit areas, specialists, service organizations, and other items. Workpapers require an association when you need to have more than one instance of a particular Knowledge Coach workpaper in your binder for each type of item to which the workpaper is related. Making this association allows Knowledge Coach information to flow properly between workpapers.

| <i>Form No.</i> | <i>Form Name</i>  | <i>Foundation Workpaper</i> | <i>Association Workpaper</i> |
|-----------------|---|-----------------------------|------------------------------|
| <b>KBA</b> s    | <b>KNOWLEDGE-BASED AUDIT DOCUMENTS</b>  |                             |                              |
| KBA-101         | Overall Audit Strategy  | X                           |                              |
| KBA-102         | Engagement Completion Document  | X                           |                              |
| KBA-103         | Evaluating and Communicating Internal Control Deficiencies  | X                           |                              |
| KBA-105         | Review of Significant Accounting Estimates  | X                           |                              |
| KBA-200         | Entity Information and Background   | X                           |                              |
| KBA-201         | Client/Engagement Acceptance and Continuance Form: Complex Entities                                     |                             |                              |
| KBA-201N        | Client/Engagement Acceptance and Continuance Form: Noncomplex Entities                                  |                             |                              |
| KBA-301         | Worksheet for Determination of Materiality, Performance Materiality, and Thresholds for Trivial Amounts |                             |                              |
| KBA-302         | Understanding the Entity and Its Environment: Complex Entities  |                             |                              |
| KBA-302N        | Understanding the Entity and Its Environment: Noncomplex Entities                                       |                             |                              |

| <i>Form No.</i> | <i>Form Name</i>  | <i>Foundation<br/>Workpaper</i> | <i>Association<br/>Workpaper</i> |
|-----------------|---|---------------------------------|----------------------------------|
| KBA-303         | Inquiries of Management and Others within the Entity about the Risks of Fraud                 |                                 |                                  |
| KBA-400         | Scoping and Mapping of Significant Account Balances, Classes of Transactions, and Disclosures | X                               |                                  |
| KBA-401         | Understanding Entity-Level Controls: Complex Entities   |                                 |                                  |
| KBA-401N        | Understanding Entity-Level Controls: Noncomplex Entities                                      |                                 |                                  |
| KBA-402         | Understanding General Controls for Information Technology                                     |                                 |                                  |
| KBA-403         | Understanding Activity-Level Controls: Revenue, Accounts Receivable, and Cash Receipts        |                                 |                                  |
| KBA-404         | Understanding Activity-Level Controls: Inventory  |                                 |                                  |
| KBA-405         | Understanding Activity-Level Controls: Property, Plant, and Equipment                         |                                 |                                  |
| KBA-406         | Understanding Activity-Level Controls: Other Assets   |                                 |                                  |
| KBA-407         | Understanding Activity-Level Controls: Accounts Payable and Cash Disbursements                |                                 |                                  |
| KBA-408         | Understanding Activity-Level Controls: Payroll and Other Liabilities                          |                                 |                                  |
| KBA-409         | Understanding Activity-Level Controls: Treasury   |                                 |                                  |
| KBA-410         | Understanding Activity-Level Controls: Income Taxes   |                                 |                                  |
| KBA-411         | Understanding Activity-Level Controls: Financial Reporting and Closing Process                |                                 |                                  |
| KBA-412         | Understanding Controls Maintained by a Service Organization                                   |                                 | X                                |

| <i>Form No.</i> | <i>Form Name</i>  | <i>Foundation<br/>Workpaper</i> | <i>Association<br/>Workpaper</i> |
|-----------------|---|---------------------------------|----------------------------------|
| KBA-502         | Summary of Risk Assessments   | X                               |                                  |
| KBA-503         | Basis for Inherent Risk Assessment  |                                 |                                  |
| KBA-902         | Audit Review and Approval Checklist   |                                 |                                  |
| KBA-904         | Audit Documentation Checklist   |                                 |                                  |
| KBA-905         | Review and Approval Checklist: Interim Review of Financial Information                          |                                 |                                  |
| <b>AUDs</b>     | <b>AUDIT PROGRAMS</b>   |                                 |                                  |
| AUD-100         | Engagement-Level Tailoring Questions  | X                               |                                  |
| AUD-101         | Overall Audit Program   | X                               |                                  |
| AUD-201         | Audit Program: Opening Balances and Additional Audit Procedures for an Initial Audit Engagement |                                 |                                  |
| AUD-602         | Audit Program: Involvement of a Component Auditor   |                                 | X                                |
| AUD-603         | Audit Program: Using the Work of an Auditor's Specialist  |                                 | X                                |
| AUD-604         | Audit Program: Using the Work of a Management's Specialist                                      |                                 | X                                |
| AUD-701         | Audit Program: Designing Tests of Controls  |                                 |                                  |
| AUD-800         | Audit Program: Custom   |                                 | X                                |
| AUD-801         | Audit Program: Cash   |                                 |                                  |



| <i>Form No.</i> | <i>Form Name</i>  | <i>Foundation<br/>Workpaper</i> | <i>Association<br/>Workpaper</i> |
|-----------------|---|---------------------------------|----------------------------------|
| AUD-802A        | Audit Program: Investments in Securities                                    |                                 |                                  |
| AUD-802B        | Audit Program: Investments in Derivative Instruments and Hedging Activities |                                 |                                  |
| AUD-803         | Audit Program: Accounts Receivable and Revenue                              |                                 |                                  |
| AUD-804         | Audit Program: Inventories and Cost of Sales                                |                                 |                                  |
| AUD-805         | Audit Program: Prepaid Expenses, Deferred Charges, and Other Assets         |                                 |                                  |
| AUD-806         | Audit Program: Intangible Assets  |                                 |                                  |
| AUD-807         | Audit Program: Property and Equipment, and Depreciation                     |                                 |                                  |
| AUD-808         | Audit Program: Accounts Payable and Purchases                               |                                 |                                  |
| AUD-809         | Audit Program: Payroll and Other Liabilities                                |                                 |                                  |
| AUD-810         | Audit Program: Income Taxes   |                                 |                                  |
| AUD-811         | Audit Program: Debt Obligations   |                                 |                                  |
| AUD-812         | Audit Program: Equity   |                                 |                                  |
| AUD-813         | Audit Program: Other Income and Expense                                     |                                 |                                  |
| AUD-814         | Audit Program: Journal Entries and Financial Statement Review               |                                 |                                  |
| AUD-815         | Audit Program: Related-Party Transactions                                   |                                 |                                  |

| <i>Form No.</i> | <i>Form Name</i>  | <i>Foundation<br/>Workpaper</i> | <i>Association<br/>Workpaper</i> |
|-----------------|---|---------------------------------|----------------------------------|
| AUD-816         | Audit Program: Fair Value Measurements and Disclosures  |                                 |                                  |
| AUD-817         | Audit Program: Variable Interest Entities   |                                 |                                  |
| AUD-818         | Audit Program: Share-Based Payments   |                                 |                                  |
| AUD-819         | Audit Program: Commitments and Contingencies  |                                 |                                  |
| AUD-820         | Audit Program: Accounting Estimates   |                                 |                                  |
| AUD-821         | Audit Program: Concentrations   |                                 |                                  |
| AUD-901         | Audit Program: Subsequent Events  |                                 |                                  |
| AUD-902         | Audit Program: Going Concern  |                                 |                                  |
| AUD-903         | Audit Program: Consideration of Fraud   |                                 |                                  |
| AUD-904         | Audit Program: Compliance with Laws and Regulations   |                                 |                                  |
| AUD-907         | Interim Review Program: Review of Interim Financial Information                                       |                                 |                                  |
| AUD-908         | Interim Review Program: Management Inquiries  |                                 |                                  |
| AUD-910         | Audit Program: Specific Element, Account or Item of a Financial Statement in Accordance with AU-C 805 |                                 |                                  |
| AUD-915         | Audit or Interim Program: Auditor Involvement with Exempt Offering Documents                          |                                 |                                  |
| <b>AIDs</b>     | <b>PRACTICE AIDs</b>  |                                 |                                  |

| <i>Form No.</i> | <i>Form Name</i>  | <i>Foundation<br/>Workpaper</i> | <i>Association<br/>Workpaper</i> |
|-----------------|---|---------------------------------|----------------------------------|
| AID-302         | Understanding the Entity's Revenue Streams and Revenue Recognition Policies |                                 |                                  |
| AID-601         | Considering Reliance on the Work of Internal Auditors                       |                                 |                                  |
| AID-603         | Component Identification and Analysis                                       |                                 |                                  |
| AID-702         | Results of Tests of Controls  |                                 |                                  |
| AID-801         | Audit Sampling Worksheet for Substantive Tests of Details                   |                                 |                                  |
| AID-901         | Differences of Professional Opinion   |                                 |                                  |

### Additional Information for Associated Workpapers

The following tables list the workpapers that require association in this title, along with the information that must be completed before you can insert each workpaper.

| Workpaper Requiring Association                               | What is it associated with?                            |   |                                 |
|---|--|---|---------------------------------|
|   | Workpaper  | Table/Question  | Association Item (Custom Value) |
| KBA-412<br>Understanding Ctrls:<br>Service Org (Custom)       | AUD-100 Engagement-Level Tailoring Questions Workpaper | Does the entity use service organizations? Shows the "Document the service organizations used by the entity." table in KBA-101 Overall Audit Strategy.  |                                 |
|   | KBA-101 Overall Audit Strategy                         | Document the service organizations used by the entity.  | Service Organization            |
| AUD-602 Audit Program: Component Auditor Involvement (Custom) | AUD-100 Engagement-Level Tailoring Questions Workpaper | Does the auditor plan to rely on audit evidence provided by a component auditor? is "Yes" Shows the "Document the audit evidence provided by the component auditor(s) that the engagement team will rely on in our engagement." table in KBA- 101 Overall Audit Strategy. |                                 |
|   | KBA-101 Overall Audit Strategy                         | Document the audit evidence provided by the component auditor(s) that the engagement team will rely on in our engagement.   | Audit Firm Name                 |
| AUD-603 Audit Program: Auditor's Specialist (Custom)          | AUD-100 Engagement-Level Tailoring Questions Workpaper | Does the auditor intend to use a specialist on this engagement? is "Yes" Shows the "Document the expected use of a specialist(s) on our audit." table in KBA-101 Overall Audit Strategy.  |                                 |
|   | KBA-101 Overall Audit Strategy                         | Document the expected use of a specialist(s) on our audit. Then select Auditor's Specialist from the Type of Specialist Column  | Specialist Firm Name            |
| AUD-604 Audit Program: Management's Specialist (Custom)       | AUD-100 Engagement-Level Tailoring Questions Workpaper | Does the auditor intend to use a specialist on this engagement? is "Yes" Shows the "Document the expected use of a specialist(s) on our audit." table in KBA-101 Overall Audit Strategy.  |                                 |
|   | KBA-101 Overall Audit Strategy                         | Document the expected use of a specialist(s) on our audit. Then select Management's Specialist from the Type of Specialist Column.  | Specialist Firm Name            |
| AUD-800 Audit Program: (Custom)                               | AUD-100 Engagement-Level Tailoring Questions Workpaper | What financial statement audit areas are applicable to this engagement? "Customize Audit Area" link within the answer selection box.  | Custom Audit Area               |