2011 Knowledge-Based Compilations and Reviews™

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Release Bulletin

Welcome to *2011 Knowledge-Based Compilations and Reviews*™, the latest addition to the ProSystem *fx* Knowledge Tools library!

Please review this bulletin prior to installation and use. If you have any questions, call Technical Support at **1-800-PFX-9998, option 4**.

IN THIS RELEASE

Knowledge-Based Compilations and Reviews is designed to help the accountant efficiently and effectively perform financial statement compilations and reviews of nonpublic commercial entities in accordance with Statements on Standards for Accounting and Review Services (SSARS) issued by the Accounting and Review Services Committee (ARSC) of the American Institute of Certified Public Accountants (AICPA).

Knowledge-Based Compilation and Review (KBCR) Methodology emphasizes using knowledge of the entity to perform compilation and review engagements by facilitating the flow of information so that the understanding obtained in each process affects the decisions made in the next. Although the accountant will likely perform most steps in this methodology sequentially, an engagement is not necessarily a linear process. Knowledge gained from pre-engagement procedures helps the accountant design and customize engagement procedures; evidence gained from procedures performed is evaluated and the appropriate accountant's report is issued.

The 2011 Edition of Knowledge-Based Compilations and Reviews is current through SSARS-20, Statement on Standards for Accounting and Review Services No. 20 (SSARS-20), Revised Applicability of Statements on Standards for Accounting and Review Services, and includes the following updates:

2011 ProSystem *fx* Knowledge Tools has been updated to take into account the latest literature, standards, and guidance applicable to compilation and review engagements. The 2011 tools include links to industry specific guidance that provides instant access to detailed analysis related to the steps and processes discussed in the workpapers. Also included is a revised financial statement disclosures checklist that provides a centralized resource of the required and recommended GAAP disclosures and key presentation items currently in effect, using the style referencing under the FASB Accounting Standards Codification™.

Links to Accounting Research Manager (ARM). If you subscribe to an ARM library that includes compilation and review content, you can now link directly to source material from Resources within Knowledge Tools documents. These links have been updated to include references to the accounting standards under the FASB Accounting Standards Codification.

Knowledge-Based Audit Compilation and Review Documents (KBCs and KBRs):

- **NEW KBR-202 REVIEW: ADDITIONAL CONSIDERATIONS FOR REVIEWS OF INTERIM FINANCIAL INFORMATION (For Periods Beginning on or before December 15, 2011)** helps the accountant determine whether the engagement to review interim financial information should be conducted in accordance with SSARS or Generally Accepted Auditing Standards (GAAS) (for periods beginning on or before December 15, 2011).

- **NEW KBR-202A NEW KBR-202 REVIEW: ADDITIONAL CONSIDERATIONS FOR REVIEWS OF INTERIM FINANCIAL INFORMATION (For Periods Beginning after December 15, 2011)** helps the accountant determine whether the engagement to review interim financial information should be conducted in accordance with SSARS or GAAS (for periods beginning after December 15, 2011).

- **KBR-901 Financial Statement Disclosures Checklist** is current through June 30, 2011, and includes the relevant citation from the Codification as of June 30, 2011, using the FASB classification system; public entities disclosure items have been deleted.
- **NEW KBR-902A REVIEW: ACCEPTANCE OF ENGAGEMENT TO REVIEW INTERIM FINANCIAL INFORMATION (For Periods Beginning after December 15, 2011)** is designed as a guide for determining whether a review of interim financial information should be completed in accordance with SSARS or in accordance with AU 722 of Generally Accepted Auditing Standards (for periods beginning after December 15, 2011).

Compilation Programs (CMPs) and Review Programs (REVs):

- **REV-801 and CMP-801** titles were changed from "Continuing Engagement" to "Review Performance Procedures" and "Compilation Performance Procedures," respectively, to better reflect the purpose of the programs.
- **REV-802 Review Program: Client Inquiries** has been updated to provide a column for documenting the source of client information.
- **CMP-901 Compilation Program: Report Preparation** has been revised and reorganized.

Practice Aids (AIDs)

- **AID-201 NONATTEST SERVICES INDEPENDENCE CHECKLIST** has been updated to take into account independence considerations when the accountant is part of a network.
- **AID-827 Financial Statements: S Corporations** includes a new note on land held for investments; notes were renumbered.

Auditor's Reports (RPTs):

- **RPTs 901 through 1032** provide sample compilation and review reports for periods ending on or after December 15, 2010 in accordance with the provisions of SSARS-19.
- **Pre-SSARS-19** sample reports for periods ending before December 15, 2010 have been eliminated.

Correspondence Documents (CORs)

- **NEW COR-217 COMMUNICATION WITH PREDECESSOR ACCOUNTANT PRIOR TO CLIENT/ENGAGEMENT ACCEPTANCE** provides a sample letter to predecessor accountant requesting information that will bear on whether to accept a new client or engagement.
- **NEW COR-218 request FROM CLIENT TO predecessor ACCOUNTANT to release information to successor ACCOUNTANT** provides a sample letter from client giving predecessor accountant permission to communicate with successor accountant.

Resource Documents (RESs)

- **RES-001 Knowledge-Based Engagement Methodology Overview** has been updated, where applicable, to provide additional guidance under SSARS-19 and to reflect organizational and instructional changes noted above.
- **RES-002 Comparison of Compilations, Reviews, and Audits** has been revised and updated.

In addition, Pre-Codification references have been deleted and forms and practice aids throughout have been updated, where applicable, to take into account the following:

- AICPA Statement on Quality Control Standards No. 8 (SQCS-8), A Firm's System of Quality Control (Redrafted); and FASB Accounting Standards Codification (through June 30, 2011), including ASU No. 2011-02, Receivables (Topic 310) – A Creditor's Determination of Whether a Restructuring Is a Troubled Debt Restructuring; ASU No. 2011-04, Fair Value Measurement (Topic 820) – Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs; and ASU No. 2011-05, Comprehensive Income (Topic 220) – Presentation of Comprehensive Income.

Important Roll Forward Information

Due to changes made in our documents to ensure they are compliant with standards, some information will not roll forward from previous versions. To ensure as much information as possible will roll forward, please do not roll forward from the *2010 Knowledge-Based Compilations and Reviews* to the *2011 Knowledge-Based Compilations and Reviews* until you have installed ProSystem *fx* Engagement release 5.7.1 or higher. For any title-specific roll forward information, please refer to the Help icon found in the roll forward wizard.

Note: While working through your Word documents it is important to follow certain steps to avoid any data loss upon roll forward. If you save the workpaper before tabbing out of a cell, you risk losing data when rolling forward. If upon roll forward you experience any data loss in a workpaper please follow these steps:

1. Open the workpaper.
2. Update the problem cell with random text (only after experiencing data loss).
3. Tab out of the cell.
4. Go back into the cell and remove random text.
5. Once again, tab out of the cell.
6. Save the document.

Important Notes

- Knowledge Coach customers should download and use the Knowledge Coach formatted version of this title that was released and posted to http://support.cch.com/updates/KnowledgeCoach in December 2011. This Knowledge Tools title release is NOT compatible with the Knowledge Coach module. Knowledge Coach customers can still use this Knowledge Tools title, but they will not have Knowledge Coach functionality and integration available in these workpapers.

- A minimum of 1GB of RAM is highly recommended for optimal performance when opening and navigating through ProSystem *fx* Knowledge Tools documents.

- ProSystem *fx* Engagement version 4.9 with Knowledge Tools or higher must be installed on the computer in order to install this Knowledge Tools title. Additional requirements include Microsoft Office Professional 2003 SP2 or higher, Microsoft Office 2003 Primary Interop Assemblies (PIA) and Visual Studios 2005 Tools for Office Second Edition Runtime (VSTOR). The installations of PIA and VSTOR can be found on the Engagement CD in the Applications\Knowledge Tools Prerequisites folder.

Download Instructions

Download the *2011 Knowledge-Based Compilations and Reviews* title from the **Program Updates** section of the ProSystem *fx* Engagement support Web site at the following URL: http://support.cch.com/updates/KnowledgeTools/. Select the download link next to *2011 Knowledge-Based Compilations and Reviews*.

Password: The password will be included with the mailed copy of the release bulletin sent to subscribers of this title.

Installation Instructions

Your Knowledge Tools title will integrate itself directly into ProSystem *fx* Engagement. The only additional system requirement is approximately 75MB of disk space to store your Knowledge Tools program content files. Please refer to the ProSystem *fx* Engagement with Knowledge Tools Release Notes for any other system requirements.

After extracting the 2011 Knowledge-Based Compilations and Reviews.msi file, do the following to install the Knowledge Tools templates:

1. Double-click the **2011 Knowledge-Based Compilations and Reviews.msi** file to begin the installation.
2. Select **Next** on the Welcome screen.
3. Accept the License Agreement, and then select **Next**.
4. Select the destination location for the templates, and then select **Next**.
5. Review the installation settings, and then select **Install** to begin copying the files.
6. Select **Finish** to complete the installation.

   Note: You must add and assign the Knowledge Tools license in ProSystem *fx* Engagement Administrator before using the workpaper templates.

   Important: The 2011 Knowledge-Based Compilations and Reviews.msi file allows for mass deployment/installation by way of pushing the install to computers.

ProSystem *fx* Engagement Update Utility Instructions

If the Knowledge Tools title is not shown in the list of available products in the *License Assignment* dialog, the title's licensing information will need to be updated with the ProSystem *fx* Engagement Update Utility prior to adding the licenses for the title or assigning the licenses to staff members.

Follow these steps to download the utility and update file:

1. Download the ProSystem *fx* Engagement Update Utility from the **Program Updates/Knowledge Tools Series** page of the ProSystem *fx* Engagement support Web site.
2. To download the utility, click **ProSystem *fx* Engagement Update Utility**.
3. To download the update file (LicenseUpdate.upd), click **License Update File**.

Note: We recommend you save the files to your computer to run the utility.

After downloading the files, perform the following steps:

1. Close ProSystem *fx* Engagement Administrator and ProSystem *fx* Engagement.
2. Double-click the ProSystem *fx* Engagement Update Utility (PfxEngUpdateUtility.exe) file.
3. Enter the login name and password for an authorized ProSystem *fx* Engagement administrator.
4. Browse for or enter the path for the license update file you just downloaded (LicenseUpdate.upd).
5. Click **OK** to update the ProSystem *fx* Engagement database and add the Knowledge Tools title to the *License Assignment* dialog in ProSystem *fx* Engagement Administrator. You may now add and assign the Knowledge Tools title to the users.

Online Permission Key

Permission key files may be downloaded at https://prosystemfxsupport.tax.cchgroup.com/service/accountadmin/ or when adding or updating the new licenses within ProSystem *fx* Engagement with Knowledge Tools 4.9 and higher. After you update the license file in the ProSystem *fx* Engagement Admin module and run the Update License Utility for 4.9 users, assign the licenses to the staff who will use *2011 Knowledge-Based Compilations and Reviews*. If you have not already established a Single Sign-on (SSO) account with Customer Service, we urge you to do so at this time.

Permission keys are no longer generally distributed via floppy diskette. You can choose to continue receiving the diskette by going to http://tax.cchgroup.com/pfxsupport, clicking the Firm Administration link, and making the appropriate selection (SSO access is required), or by contacting Customer Service at 1-800-PFX-9998, option 4.

Accounting Research Manager

CCH's Accounting Research Manager is the most comprehensive, up-to-date and objective online database of financial reporting literature. It includes all authoritative and proposed accounting, auditing, and SEC literature, plus independent, expert-written interpretive guidance.

Our Weekly Summary email newsletter highlights the key developments of the week, giving you assurance that you have the most current information. It provides links to new FASB, AICPA, SEC, EITF, and IASB authoritative and proposal-stage literature, plus guidance from financial reporting experts.

Our team of content experts updates the system on a daily basis, so you can stay as current as possible. What's more, our experts attend critical standard-setting meetings and summarize the results for you, which means you'll learn of newly released literature and deliberations of current financial reporting projects as soon as they occur. Plus, you'll benefit from their easy-to-understand technical translations. Our experts' interpretations clearly lay out what the rules mean from your perspective.

With Accounting Research Manager, you maximize the efficiency of your research time, while enhancing your results. Learn more about our content, our experts, and how you can request your free trial by visiting http://www.accountingresearchmanager.com. You can also access the Accounting Research Manager Web site by selecting the item from the ProSystem *fx*® Engagement Other Shortcuts bar in the Binder window.

Using Your Knowledge Tools Content

Knowledge Tools Workpaper Templates

To use Knowledge Tools Workpaper Templates, do the following:

1. Open a binder in ProSystem *fx* Engagement.

2. Select the workpaper tab into which you would like to insert the workpaper.

3. Select **New Knowledge Tools Workpaper** from the toolbar or File menu. The *New Knowledge Tools Workpaper* dialog appears (*Figure 1*).

4. Select the new Knowledge Tools title with the content you would like to use. You can only select titles you have installed. The information displayed changes to reflect the workpaper organization available for the selected title.

5. Select the Knowledge Tools Workpaper Templates to insert into your binder.

6. Click **OK** to display the *Selected Workpaper Properties* dialog. Each workpaper name is automatically loaded into the Name field.

7. Add a workpaper index in the Index field and make any needed Name modifications. You can also modify the tab location or the roll forward settings for each workpaper.

8. Click **OK**. The integrated Knowledge Tools workpaper is now inserted into your engagement binder.
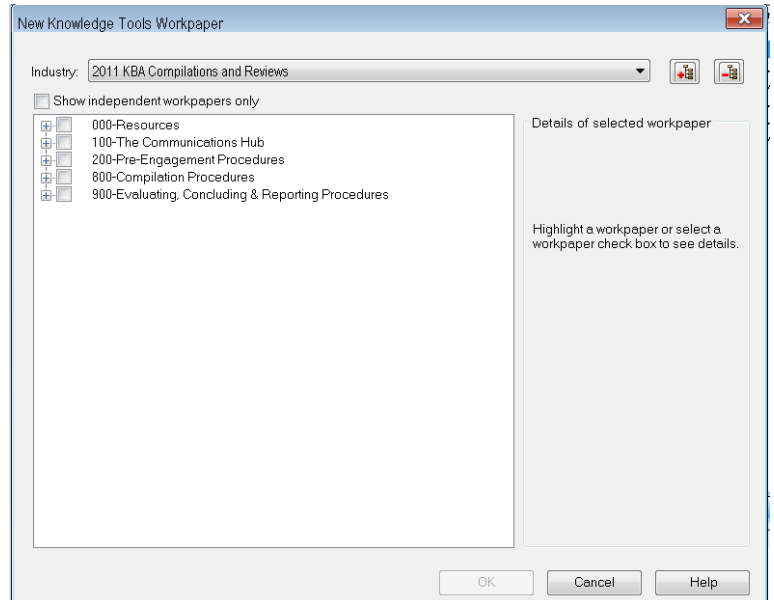

Figure 1 – New Knowledge Tools Workpaper

Binder Templates

ProSystem *fx* Engagement provides powerful engagement templates with integrated Knowledge Tools content.

To start engagements pertaining to your purchased title with a binder template populated with programs and worksheets, select **New Binder Wizard** from either the toolbar or the File menu in the File Room window. The *New Binder Wizard* dialog appears (*Figure 2*). To set up the binder, do the following:

1. Select **Create binder from template**.

2. Select the **Knowledge Tools** tab.

3. Select the appropriate binder template for your engagement. You will see binder templates for the Knowledge Tools titles installed.

4. Select **Next**.

5. Complete the binder properties information as needed.

6. Select **Finish**. The new binder displays in the file room. Refer to the ProSystem *fx* Engagement User Guide, accessible from the Help menu in ProSystem *fx* Engagement, for more information.
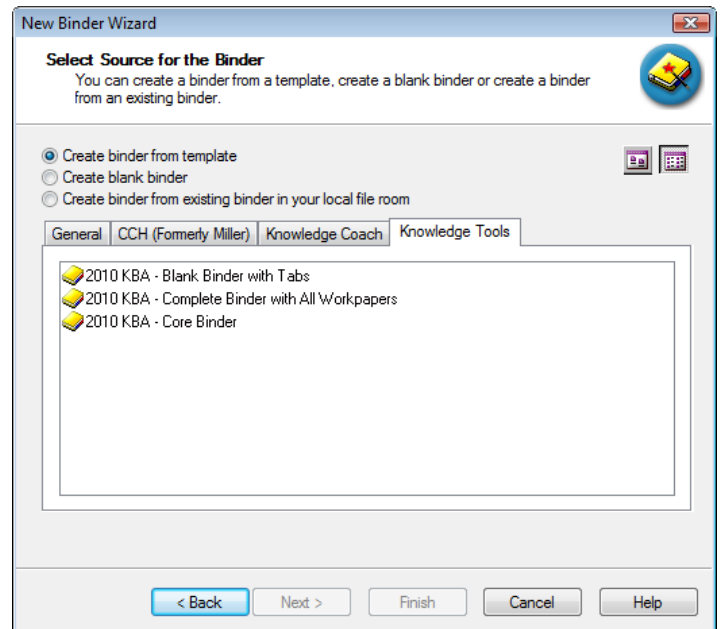

Figure 2 – New Binder Wizard

The *2011 Knowledge-Based Compilations and Reviews* provides three binder templates. One binder template contains all workpaper templates from the title, one binder template contains only the core workpaper templates, and the third binder template contains only workpaper tabs using the Knowledge Tools indexing system. This allows you to build your own binder template by populating the tabs with the workpapers of your choice.

Contact Information

For a demo or to purchase additional titles	1-800-PFX-9998, option 1
Technical Support	1-800-PFX-9998, option 4 or online at http://support.cch.com

The ProSystem *fx* Engagement version of the Knowledge Tools Integrated Engagement Guides is sold and supported by CCH, a Wolters Kluwer business. The contact information above can be used for customer service and support issues for this product. For information about other CCH products, please call 1-800-248-3248 or visit the online Store at http://tax.cchgroup.com.