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## LIST OF SUBSTANTIVE CHANGES AND ADDITIONS

### *PPC’s Guide to Accounting and Reporting for Estates and Trusts*

#### **Eighteenth Edition (October 2016)**

The following are some of the important update features of the 2016 edition of *PPC’s Guide to Accounting and Reporting for Estates and Trusts*.

- Fiduciary Accounting.** What constitutes fiduciary accounting income and governs proper allocation of principal and income is generally defined in state laws derived from the Uniform Principal and Income Act (UPIA). Most states have now adopted the 1997 UPIA. Our discussion has been updated for the latest developments related to the UPIA and principal and income allocations.
- SSARS No. 23.** Your *Guide* has been updated for the issuance of SSARS No. 23, *Omnibus Statement on Standards for Accounting and Review Services—2016*. Among other things, SSARS No. 23 revises SSARS No. 21 to include guidance when the accountant has been engaged to prepare or compile prospective financial information (not addressed in these practice aids), revises the list of items needed in the AR-C 70 and AR-C 80 engagement letters, adds a mandatory requirement for the accountant to document the justification for a departure from a presumptively mandatory requirement, and amends the compilation and review guidance on supplementary information. All of the SSARS No. 23 amendments, except those pertaining to prospective financial information, were effective upon issuance. You can use our updated *Guide* to efficiently perform compilation, review, and financial statement preparation engagements under the requirements of SSARS No. 21, as amended by SSARS No. 23.
- Accounting Update.** While there are no specific accounting standards directly addressing fiduciary accounting, generally accepted accounting principles provide an authoritative basis upon which to make reporting and disclosure decisions when providing an accounting to the court, beneficiaries, and others. We have updated your *Guide* to address recently issued authoritative guidance that may impact fiduciaries and accountants when preparing an accounting for an interested party, especially in a traditional format. Since the last edition of this *Guide*, the AICPA has issued Statement on Standards for Attestation Engagements (SSAE) No. 18 and the Financial Accounting Standards Board (FASB) has issued a number of new Accounting Standards Updates (ASUs). We have updated your *Guide* to address recent developments relating to standards.
- Tax Legislation.** We have updated your 2016 *Guide* to address the latest information on tax developments that affect estate and trust accounting and reporting.
- Practice Aids and Forms.** Your 2016 *Guide* includes updated practice aids and forms that will allow you to effectively implement new professional standards and administer your engagement.

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
General	1. Updated guidance and practice aids for the issuance of SSARS No. 23, <i>Omnibus Statement on Standards for Accounting and Review Services—2016</i> .	Throughout
CHAPTER 1 Estates and Trusts—An Introduction	1. Added an updated discussion on wealth transfer data.	Paragraph 100.6

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	2. Updated the listing of other PPC resources addressing estates and trusts.	Paragraphs 100.11
	3. Updated the table describing the types of trusts for recent developments, including tax rates for 2016.	Appendix 1D
	4. Updated the estate and trust information internet sites for changes in website addresses and content.	Appendix 1E
CHAPTER 2 Fiduciary Accounting and the Allocation of Principal and Income	1. Added a footnote addressing usage of the acronym UPIA in the <i>Guide</i> .	Paragraph 200.5
CHAPTER 3 Accounting for Estates and Trusts	1. Updated the footnote about IRS Form SS-4 for new ways to apply for an EIN.	Paragraph 303.29
	2. Added a discussion about terminology used relating to the tax basis of accounting, amended language for consistency with the term <i>special purpose framework</i> , and addressed financial statement preparation engagements.	Paragraphs 305.3 and 305.7
	3. Added a footnote discussing IRS Form 8971.	Paragraph 305.19
CHAPTER 4 Financial Presentation and Disclosure	1. Revised the discussion on referencing the accountant's report for SSARS No. 21, as amended by SSARS No. 23.	Paragraphs 403.14-.15
	2. Changed the term <i>OCBOA</i> to <i>special purpose framework</i> for consistency.	Paragraph 403.37
	3. Revised the special purpose framework statement titles discussion.	Paragraphs 403.46-.48
	4. Updated the discussion on the Private Company Council.	Paragraph 405.9
	5. Updated the discussion of the effect of fair value disclosure requirements and the fair value option on estate and trust financial statements.	Paragraphs 405.19-.20, 405.23
	6. Added a discussion about uncertainty in income taxes relating to the applicability to small and midsize nonpublic entities.	Paragraph 405.44
	7. Updated the discussion for the issuance of ASU 2016-01, <i>Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</i> , ASU 2016-02, <i>Leases (Topic 842)</i> , and ASU 2016-13, <i>Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments</i> . Mentioned ASU 2014-09, <i>Revenue from Contracts with Customers (Topic 606)</i> .	Paragraphs 405.48-.52
CHAPTER 5 Reporting	1. Updated the chapter for SSARS No. 21, as amended by SSARS No. 23.	Throughout
	2. Updated the discussion of the AICPA Code of Professional Conduct.	Paragraph 501.45

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	3. Added a discussion of the AICPA's new attestation standards—SSAE No. 18, <i>Attestation Standards: Clarification and Recodification</i> .	Paragraphs 501.49–.51
	4. Added a discussion of the ARSC's new SSARS guidance, SSARS No. 22, <i>Compilation of Pro Forma Information</i> , and SSARS No. 23, <i>Omnibus Statement on Standards for Accounting and Review Services—2016</i> ; the AICPA Guide: <i>Preparation, Compilation, and Review Engagement's</i> ; and the AICPA's <i>Preparation, Compilation and Review Engagements Alert</i> .	Paragraphs 501.53–.56
	5. Updated the discussion of prescribed forms.	Paragraphs 508.1–.9
	6. Updated for SSARS No. 21, as amended by SSARS No. 23, and SSAE No. 18.	Section 509
	7. Revised the illustrative engagement letters, sample reports, procedures checklist, and compilation reporting checklist for SSARS No. 21, as amended by SSARS No. 23.	Appendixes 5A-1 through 5A-3, 5C-1, 5C-2, 5C-4, 5C-5, 5C-7, 5C-8, 5F-1, 5F-2, and 5G
	8. Updated the significant issues discussion in the instructions.	Appendix 5I
CHAPTER 6 Accountants Acting as Fiduciaries	1. Updated the listing of other PPC resources addressing estates and trusts.	Paragraphs 600.3
	2. Updated the discussion of the applicability of SSARS for SSARS No. 23.	Paragraph 601.26
	3. Added a new step to the summary of personal representative's duties under file tax returns and pay taxes relating to Form 8971.	Exhibit 6–1
	4. Updated the discussion on nonattest services for attest clients related to the assessment of skills, knowledge, and/or experience.	Paragraph 602.20
	5. Updated and added steps in the tax requirements section of the executor checklist.	Appendix 6A