



Route To:			
<input type="checkbox"/>	Partners	<input type="checkbox"/>	Staff
<input type="checkbox"/>	Managers	<input type="checkbox"/>	File

## LIST OF SUBSTANTIVE CHANGES AND ADDITIONS

### PPC’s Guide to Forecasts and Projections

#### Thirty-third Edition (April 2018)

##### Highlights of this Edition

The following are some important new features in the 2018 Edition of *PPC’s Guide to Forecasts and Projections*.

- **Revision of the AICPA Guide: Prospective Financial Information (AICPA Guide).** The *AICPA Guide: Prospective Financial Information (AICPA Guide)*, was revised in mid-2017 to provide updated guidelines for the presentation of prospective financial information and interpretive guidance for applying the new requirements from SSAE 18 and SSARS 23. The guidelines and interpretative guidance from the updated edition of the *AICPA Guide* has been incorporated throughout this edition of your guide.
- **AICPA Guide: Preparation, Compilation, and Review Engagements (AICPA CAR Guide).** The AICPA CAR Guide was updated in June 2017 and this edition of your guide has been updated throughout to incorporate the revised guidance in the latest edition of the AICPA CAR Guide.
- **AICPA Projects.** The Accounting and Review Services Committee (ARSC) continues to work on projects related to preparation and compilation engagements. We provide discussions of the latest ARSC projects and their relevance to prospective financial information engagements.
- **Recently Issued Professional Pronouncements.** Practice aids and guidance throughout your guide have been updated for all recently issued professional pronouncements, including the new ethics interpretation on hosting services, to make sure you apply the latest guidance in your engagements. This interpretation is likely to affect many accounting firms. For example, if your firm keeps an attest client’s depreciation schedules on its servers and is responsible for storing hard copy versions of the data, this is considered a hosting service and your firm would not be independent with respect to the attest client. ET 1.295.143, *Hosting Services*, is effective September 1, 2018.

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 1 Introduction to Engagements on Prospective Financial Information	<p>The <i>AICPA Guide: Prospective Financial Information (AICPA Guide)</i>, provides the guidelines for the presentation of prospective financial information. The <i>AICPA Guide</i> was revised in mid-2017 to provide interpretive guidance for applying the requirements from SSAE No. 18 and SSARS No. 23 for professional services on prospective financial information. The guidelines and interpretative guidance from the updated edition of the <i>AICPA Guide</i>, and the applicable references, have been incorporated throughout the 2018 edition of your guide.</p> <p>1. Added a paragraph about new interpretation, <i>Hosting Services</i>, at ET 1295.143, effective September 1, 2018, as nonattest service</p>	Throughout the chapters and appendixes of the guide.  Paragraph 103.19

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	2. Revised the discussion on the topics included in each AR-C section of <i>Professional Standards</i> .	Paragraph 103.30
	3. Added a paragraph about SSARS interpretations.	Paragraph 103.32
	4. Added a discussion of Omnibus SSARS—2018, and proposed AR-C 100, <i>Special Considerations—International Reporting Issues</i> , revisions to AR-C-90 relating to considerations of going concern, and issuance of SSARS No. 24 expected to be released in May 2018.	Paragraph 103.37
	5. Updated footnote 16 for changes to Peer Review Standards effective for peer reviews commencing on or after January 1, 2017.	Paragraph 103.88
	6. Expanded the discussion of GAO April 2017 exposure draft for proposed changes to Yellow Book.	Paragraph 104.11
CHAPTER 2 Engagement Administration	1. Added a footnote about the discussion of presenting prospective financial information as supplementary information in section 804.	Paragraph 201.15
	2. Expanded the discussion of preparation assistance for clients presenting prospective financial information.	Section 205
	3. Revised the discussion of subsequent events for clarity.	Paragraphs 206.2, 206.7–8
	4. Updated the form to include the guidance on independence requirements for engagements on prospective financial information.	Appendix 2A
CHAPTER 3 Form and Presentation	1. Updated the discussion of financial reporting frameworks as that term is used in this guide.	Paragraphs 301.1–2
	2. Added a discussion about how to assess the effects of new accounting standards on prospective financial information.	Paragraphs 301.12–.13
	3. Updated the accountant's compilation report to conform to the illustrative reports in Chapter 13 of the <i>AICPA Guide</i> .	Appendixes 3B-1 and 3B-3
	4. Updated the introductory paragraph preceding the significant assumptions based on the presentation guidelines in Chapter 8 of the <i>AICPA Guide</i> .	Appendixes 3B-1 through 3B-7
CHAPTER 4 Preparation Engagements	1. Updated footnote 2 for issuance of SSAE No. 18 in April 2016 as it applies to agreed-upon procedures to prospective financial information.	Paragraph 400.2

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	2. Expanded the discussion of the period covered by the engagement letter.	Paragraph 403.5
	3. Updated for guidance in Chapter 11 of the <i>AICPA Guide</i> that when SSARS use the term 'financial reporting framework' for prospective financial reporting, it means the AICPA presentation guidelines.	Paragraph 404.3; Appendix 4B
	4. Updated for guidance in Chapter 11 of the <i>AICPA Guide</i> regarding withdrawing from a preparation engagement if there are material departures from the AICPA presentation guidelines.	Paragraph 405.26
	5. Updated for considerations illustrated in the engagements letters in Chapter 11 of the <i>AICPA Guide</i> , and added a note about modifying the engagement letter if management intends to omit substantially all disclosures.	Appendixes 4D-1 and 4D-2
CHAPTER 5 Compilation Engagements	1. Expanded the discussion of SSARS requirements.	Paragraph 500.2
	2. Expanded the discussion of engagement acceptance and continuance requirements in AR-C 60.	Paragraph 501.4
	3. Updated footnote 9 for guidance in Chapter 12 of the <i>AICPA Guide</i> regarding a responsible party's responsibility for selection of the financial reporting framework.	Paragraph 501.15
	4. Expanded the discussion of other matters practitioners may consider based on their knowledge of the entity.	Paragraph 501.24
	5. Updated the discussion of items to consider when reading the prospective financial information.	Paragraph 501.28
	6. Updated for guidance in Chapter 12 of the <i>AICPA Guide</i> regarding a practitioner's withdrawal from an engagement due to material departures from AICPA presentation guidelines.	Paragraph 501.36
	7. Updated example compilation report on a forecast as illustrated in Chapter 13 of the <i>AICPA Guide</i> .	Paragraph 503.5
	8. Updated discussion on the requirements for a compilation report on a projection as illustrated in Chapter 13 of the <i>AICPA Guide</i> .	Paragraphs 503.6–.7
	9. Updated for guidance in Chapter 13 of the <i>AICPA Guide</i> regarding compilation report language for restricting use.	Paragraph 503.24
	10. Updated example compilation report on a forecast that includes a projection for a hypothetical sale as illustrated in Chapter 13 of the <i>AICPA Guide</i> .	Paragraph 503.39

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	11. Updated for considerations illustrated in the engagements letters in Chapter 12 of the <i>AICPA Guide</i> , expanded the note when the practitioner decides to accept responsibility for internal control, and added a note about modifying the engagement letter if the engagement relates to a partial presentation.	Appendixes 5D-1 and 5D-2
	12. Added considerations for clearly indicating the limitations on the use of a projection.	Appendixes 5D-2 and 5E-9
	13. Updated for considerations illustrated in the compilation reports in Chapter 13 of the <i>AICPA Guide</i> .	Appendixes 5E-1 through 5E-11
CHAPTER 6 Agreed-upon Procedures Engagements	1. Clarified the use of a restricted-use report on agreed-upon procedures when it is included with a general use document.	Paragraph 610.21
	2. Updated for considerations illustrated in the engagements letters in Chapter 16 of the <i>AICPA Guide</i> and added considerations when the specified party requests the use of an external specialist.	Appendixes 6D-1 and 6D-2
	3. Updated for considerations illustrated in the representation letters in Chapter 16 of the <i>AICPA Guide</i> and provided additional guidance about the practitioner's responsibility for obtaining appropriate representations.	Appendixes 6E-1 through 6E-3
	4. Added a note about representations when a hypothetical assumption is improbable.	Appendix 6E-2
	5. Expanded the instructions to clarify use of the form.	Appendix 6I
CHAPTER 7 Examination Engagements	1. In a footnote, clarified that AICPA presentation guidelines refers to those included in the <i>AICPA Guide</i> .	Paragraph 700.2
	2. Expanded the discussion of the risk based approach in examination engagements.	Paragraph 704.28
	3. Included examples of when professional judgment is used.	Paragraph 704.42
	4. Expanded the discussion of assumptions not requiring support.	Paragraph 705.9
	5. Expanded the discussion of tests of controls, noting practitioners need to understand the cause of deviations and their potential consequences for the engagement.	Paragraphs 705.14–.16
	6. Expanded the discussion about considering actual results for periods that are included in the forecast or projection.	Paragraph 705.41
	7. Added a practical consideration to caution practitioners about accepting engagements on projections if management intends to provide the projection for general use.	Appendix 7B
	8. Updated for considerations illustrated in the engagements letters in Chapter 14 of the <i>AICPA Guide</i> and added considerations when the client is not the responsible party.	Appendixes 7C-1 and 7C-2
	9. Added a practical consideration about using the prospective financial information to obtain financing.	Appendix 7D

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	10. Revised the form to make it applicable both for risks due to fraud and risks due to noncompliance with laws or regulations, and added a note in Part II to explain how to consider risks by area.	Appendix 7E
	11. Updated for considerations illustrated in the representation letters in Chapter 14 of the <i>AICPA Guide</i> and added practical considerations about the term <i>known matters</i> and attaching a summary of uncorrected misstatements to the letter, as applicable.	Appendixes 7F-1, 7F-2, and 7F-3
	12. Expanded the instructions to clarify use of the form.	Appendix 7I
CHAPTER 8 Other Presentations	1. Clarified the discussion of comparative presentations of prospective and historical financial information.	Section 803
	2. Added a new section on supplementary information.	Section 804
	3. Expanded the discussion of prescribed forms.	Section 806
	4. Updated the accountant's compilation report to conform to the illustrative reports in Chapter 13 of the <i>AICPA Guide</i> .	Appendixes 8A-1 and 8A-2
	5. Updated the accountant's examination report to conform to the illustrative reports in Chapter 15 of the <i>AICPA Guide</i> .	Appendixes 8A-3 and 8A-4
	6. Updated the accountant's compilation report to conform to the illustrative reports in Chapter 13 of the <i>AICPA Guide</i> .	Appendixes 8B-1 and 8B-2
	7. Updated the examples based on the presentation guidelines in Chapter 8 of the <i>AICPA Guide</i> .	Appendixes 8C-1, 8C-2, and 8C-3
CHAPTER 9 Start-up Companies	1. Updated the suggested sources of information for developing assumptions about Start-up Companies.	Exhibit 9-1
	2. Expanded the discussion of other costs and expenses.	Paragraph 902.32
	3. Expanded the list of typical ratios.	Paragraph 902.41
	4. Added additional procedures to the checklist.	Appendix 9A
CHAPTER 10 Developing Models with Electronic Spreadsheets	1. Expanded the tips on designing formulas to add paragraphs on calculating the time value of money and using pivot tables.	Paragraphs 1003.62 and 1003.63
	2. Updated the note on nature and limitations of projections based on the presentation guidelines in Chapter 8 of the <i>AICPA Guide</i> .	Appendixes 10A-1 and 10A-2
CHAPTER 12 Real Estate Entities	1. Added a discussion about the effects of new accounting standards on Revenue from Contracts with Customers and Leases on prospective financial information.	Paragraph 1201.14
	2. Updated the note on nature and limitations of projections based on the presentation guidelines in Chapter 8 of the <i>AICPA Guide</i> .	Appendix 12A
	3. Added an example of presentation of historical and forecasted financial statements.	Appendix 12B
CHAPTER 13 Cash Flow Presentations	1. Added a discussion about the effects of new accounting standards on the statement of cash flows, ASU 2016-18, and ASU 2016-15, on prospective financial information.	Paragraph 1301.15

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	2. Updated the introductory paragraph preceding the significant assumptions based on the presentation guidelines in Chapter 8 of the <i>AICPA Guide</i> .	Appendix 13A
	3. Added an example of partial presentation with supplemental historical information.	Appendix 13B
CHAPTER 14 Not-for-Profit Organizations	1. Added a discussion about the effects of ASU 2014-09 on prospective financial information.	Paragraph 1401.12
CHAPTER 15 Practices of Physicians and Other Health Care Professionals	1. Updated the discussion on insurance reform.	Paragraph 1501.4
	2. Added a discussion about the effects of ASU 2014-09 on prospective financial information.	Paragraph 1502.13
	3. Updated the list of sources of industry statistical information.	Exhibit 15-1
	4. Updated the introductory paragraph preceding the significant assumptions based on the presentation guidelines in Chapter 8 of the <i>AICPA Guide</i> .	Appendix 15A