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## LIST OF SUBSTANTIVE CHANGES AND ADDITIONS

### *PPC's Guide to Audits of Nonprofit Organizations*

#### Thirty-second Edition (January 2019)

##### Highlights of this Edition

The following are some of the important new features of the 2019 edition of *PPC's Guide to Audits of Nonprofit Organizations*:

- **Updates for Major New Accounting Standards.** This edition of the *Guide* has updated guidance, practice aids, and audit programs for the requirements in FASB ASC 606, *Revenue from Contracts with Customers*, and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. We have also updated the *Guide* for ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. In addition, so that you can consider the implications on your audit procedures for the upcoming effective date of the new leasing standard, ASU 2016-02, *Leases (Topic 842)*, we have provided supplemental audit program procedures that will apply when the standard is adopted.
- **New Practice Aid.** In addition to our recurring updates for recent developments, we have added a new practice aid that can be used to document procedures performed related to service auditor's reports and controls at a service organization that are relevant to internal control over financial reporting.
- **Revised Risk Assessment Summary Form.** We revised and clarified the Risk Assessment Summary Form at NPO-CX-7.1 throughout to promote greater understanding of risk assessment concepts applied.
- **Compilation and Review.** Your *Guide* is updated for the issuance of SSARS No. 24, *Omnibus Statement on Standards for Accounting and Review Services—2018*, which revises AR-C 60 and AR-C 90, adds AR-C 100, and withdraws Interpretation No. 1 of AR-C 90.
- **Summary of the Yellow Book Revision.** The GAO recently issued *Government Auditing Standards, 2018 Revision* (the 2018 Yellow Book). Though the revised guidance may *not* be implemented early (effective for periods ending on or after June 30, 2020), your *Guide* includes a summary of some of the key changes you can expect when the 2018 Yellow Book becomes effective.
- **Updated Guidance on Single Audits.** If you perform Single Audits, you know how complex the auditing requirements are and that they change every year. Your *Guide's* text and practice aids provide up-to-date guidance for performing and reporting on Single Audits, including the latest guidance and tips to help you successfully perform audits of nonprofit organizations that are required to be conducted in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) audit requirements. In addition, your *Guide* has been updated for the changes in the 2018 Compliance Supplement and the 2018 edition of the AICPA Audit Guide, *Government Auditing Standards and Single Audits*, and provides information about the upcoming 2019 Compliance Supplement. The OMB issued the 2018 Compliance Supplement in a different format than previously issued Compliance Supplements. The 2018 Compliance Supplement only modifies those sections of the 2017 Compliance Supplement that had significant updates and changes. The sections of the 2017 Compliance Supplement that were not superseded remain effective, but they were not included in the 2018 Compliance Supplement.

Therefore, auditors will need to use both the 2017 and the 2018 Compliance Supplements for audits of fiscal years beginning after June 30, 2017, covered by those Compliance Supplements. Your *Guide* also continues to provide guidance for Single Audits in accordance with the previous administrative and internal control requirements.

- **Comprehensive, Up-to-date Disclosure Checklist.** The most effective way to ensure the statements properly disclose all the required information is to use our comprehensive disclosure checklist. The disclosure checklist for nonprofit organizations has been completely updated for the many ASUs issued since the last edition of your *Guide*.

In addition to these featured items, your *Guide* includes the following update items detailed below:

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
General	1. Changed references throughout the <i>Guide</i> , where applicable, for the March 1, 2018, edition of the AICPA Audit and Accounting Guide, <i>Not-for-Profit Entities</i> .	Various
	2. Changed references throughout the <i>Guide</i> , where applicable, for the March 1, 2018, edition of the AICPA Audit and Accounting Guide, <i>Government Auditing Standards and Single Audits</i> .	Various
CHAPTER 1 Background Information	1. Updated footnote for issuance of ASU 2018-08, <i>Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made</i> .	Paragraph 102.5
	2. Added the AICPA Audit and Accounting Guide, <i>Revenue Recognition</i> , to the list of available audit guidance.	Paragraph 104.6
	3. Added a discussion on the SAS, <i>Omnibus Statement on Auditing Standards—2019</i> , that the ASB has voted to issue as a final SAS.	Paragraph 104.19
	4. Updated the discussion on the AICPA initiative on enhancing audit quality for recent developments.	Paragraphs 104.27–.32
	5. Streamlined the discussion on the Panel on the Nonprofit Sector for recent developments.	Paragraph 107.4
	6. Updated for the issuance of the <i>Government Auditing Standards, 2018 Revision</i> (2018 Yellow Book).	Paragraphs 108.6 and 108.31–.34
CHAPTER 2 Pre-engagement Activities	1. Updated for the issuance of the 2018 Yellow Book.	Paragraph 200.2
	2. Added or updated a footnote to note that the ASB has voted to issue a final SAS, <i>Omnibus Statement on Auditing Standards—2019</i> .	Paragraphs 202.24 and 208.29
	3. Added a footnote discussing when AU-C 915 applies to oral advice.	Paragraph 202.27
	4. Added a footnote discussing the firm's quality control procedures' impact on independence matters.	Paragraph 202.34
	5. Updated the effective date of the ethics interpretation, <i>Hosting Services</i> , at ET 1.295.143.	Paragraph 202.52
	6. Added a footnote for two Frequently Asked Questions from the Professional Ethics Committee.	Paragraph 202.68
	7. Added a footnote for an approved revision of ET 1.260.040, <i>Leases</i> .	Paragraph 202.71

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	8. Added proposed revisions to ethics interpretations on information systems and staff augmentation arrangements.	Paragraphs 202.72–.73
	9. Added a discussion for the issuance of the 2018 Yellow Book.	Paragraphs 202.75–.76
	10. Noted the addition of NPO-CX-4.4, “Documentation Form for Reliance on a SOC 1 Report,” that may be used when considering complementary controls.	Paragraph 206.27
	11. Added a footnote for consideration of group audits for certain investments after the adoption of ASU 2016-01, <i>Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</i> .	Paragraph 208.4
CHAPTER 3 Risk Assessment Procedures and Planning	1. Added a footnote to note that the ASB has voted to issue a final SAS, <i>Omnibus Statement on Auditing Standards—2019</i> .	Paragraphs 300.3 and 301.31
	2. Added a footnote discussing the increased scrutiny of the area of risk assessment.	Paragraph 300.3
	3. Added a footnote for the issuance of the 2018 Yellow Book.	Paragraph 300.3
	4. Added a footnote discussing the effect on risk assessment and other planning procedures by the entity’s adoption of new accounting guidance.	Paragraphs 301.1, 301.16, and 301.40
	5. Added a discussion on the AICPA <i>Guide to Audit Data Analytics</i> .	Paragraph 301.62
	6. Added an item to the fraud-related matter list.	Paragraph 301.79
	7. Updated the discussion of the AICPA Audit Risk Alert, <i>Not-for-Profit Entities Industry Developments—2018</i> .	Paragraph 302.21
	8. Added a discussion on the consideration of new accounting standards.	Paragraphs 302.51–.58
	9. Updated a footnote for the issuance of new risk assessment-related resources.	Paragraph 303.14
	10. Updated a footnote and discussion on materiality.	Paragraph 306.7
	11. Expanded the discussion on using other benchmarks when determining planning materiality.	Paragraphs 306.23–.28
	12. Expanded the discussion on assessing risks of material misstatement at the financial statement level.	Paragraph 306.63
CHAPTER 4 Assessing Risks and Developing the Detailed Audit Plan	1. Expanded the discussion on risk assessment procedures performed to gather information to be used as audit evidence to support the auditor’s assessment of risks of material misstatement.	Paragraphs 402.2–.4
	2. Expanded the discussion on documenting identified risk at the relevant assertion level.	Paragraph 402.27
	3. Expanded the discussion on assessing risks of material misstatement at the relevant assertion level.	Paragraphs 403.1, 403.9, and 403.11

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	4. Clarified the discussion on PPC's approach to the steps to assess the risks of material misstatement at the relevant assertion level.	Paragraphs 403.13–.15
	5. Expanded the discussion on determining significant audit areas.	Paragraphs 403.20–.21
	6. Added a discussion on the need for improvement in assessing control risk.	Paragraphs 403.57–.59
	7. Revised the table that assists auditors in determining the combined assessed risk of material misstatement when the auditor makes separate assessments of inherent risk and control risk and the related discussion to clarify that a range of combined risk results needs to be considered.	Exhibit 4-8; Paragraph 403.61
	8. Clarified the importance of documenting the linkage of procedures with the assessed risk of material misstatement due to fraud at the assertion level.	Paragraph 404.30
	9. Expanded the discussion on the need for appropriate linkage of risk assessments and audit procedures planned and performed.	Paragraphs 405.1–.2 and 405.9
	10. Expanded the discussion on selecting extended procedures.	Paragraph 405.22
	11. Expanded the discussion on tailoring specified risk audit programs.	Paragraph 405.38
CHAPTER 5 Substantive Procedures	1. Added a footnote to discuss that it may be difficult to develop appropriate expectations using prior-period information during the implementation of FASB ASC 606, <i>Revenue from Contracts with Customers</i> .	Paragraphs 503.25 and 506.2; Exhibit 5-4
	2. Added an example to the common examples of test of details of statement of activities transactions.	Paragraph 503.29
	3. Added a footnote discussing that the implementation of FASB ASC 606 may affect the design and use of confirmations.	Paragraph 504.5
	4. Added a footnote on considerations for ASU 2016-02, <i>Leases (Topic 842)</i> .	Paragraph 506.33
CHAPTER 6 Testing Internal Control	1. Expanded the discussion for considerations when tests of controls are not efficient.	Paragraph 603.16
	2. Added a footnote to discuss audit data analytics and related resources.	Paragraph 603.20
CHAPTER 7 Audit Sampling in a Nonprofit Organization Audit Engagement	1. Expanded the discussion on identifying unusual items.	Paragraph 702.13
	2. Revised the table that assists auditors in determining the combined assessed risk of material misstatement when the auditor makes separate assessments of inherent risk and control risk to clarify that a range of combined risk results needs to be considered.	Exhibit 7-7
CHAPTER 8 Audit Documentation	1. Expanded the discussion on signatures and sign-offs to consider precautions to ensure retention of the preparer and reviewer information when archiving in an electronic environment.	Paragraph 805.14

<b><u>Chapter</u></b>	<b><u>Substantive Changes and Additions</u></b>	<b><u>Reference</u></b>
CHAPTER 9 Special Accounting and Audit Considerations for Nonprofit Organizations	1. Restructured and revised for the adoption of ASU 2016-14, <i>Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities</i> .	Various
	2. Updated for the adoption of ASU 2016-01.	Paragraph 900.29; section 902
	3. Updated discussion for adoption of ASU 2016-18, <i>Statement of Cash Flows (Topic 230): Restricted Cash</i> .	Paragraph 901.1
	4. Updated for the issuance of ASU 2018-08.	Paragraphs 903.3, 903.40, 903.74, 904.6, and 904.30–.31; Exhibits 9-7 and 9-9
	5. Restructured and revised for adoption of ASU 2014-09, <i>Revenue from Contracts with Customers (Topic 606)</i> .	Section 904
	6. Added a discussion on a proposed ASU that would extend accounting alternatives regarding goodwill to nonprofit organizations.	Paragraph 908.14
	7. Added a discussion for the adoption of ASU 2017-04, <i>Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment</i> .	Paragraphs 908.23–.26
	8. Added a discussion for a proposed ASU, <i>Not-for-Profit Entities (Topic 958): Updating the Definition of Collections</i> .	Paragraph 909.11
	9. Added audit responses to common property and equipment fraud schemes.	Exhibits 9-11 and 9-12
	10. Updated the footnote discussing a proposed ASU, <i>Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)</i> .	Paragraph 910.3
	11. Added audit responses to common liabilities and other liabilities fraud schemes.	Exhibit 9-14
	12. Added a symptom and an audit response to common cash disbursement fraud schemes.	Exhibit 9-15
CHAPTER 10 Tax Considerations in Audits of Nonprofit Organizations	1. Added a footnote discussing the consideration to seek legal advice to determine if a group exemption is appropriate.	Paragraph 1000.6
	2. Updated the discussion on Form 1023-EZ for recent revisions and other activities.	Paragraphs 1000.11 and 1000.13–.14
	3. Updated the discussion for the 2018 Charities Bureau of the New York Office of the Attorney General publication.	Paragraph 1000.17
	4. Updated the discussion on recent legislation for developments regarding the Tax Cuts and Jobs Act of 2017 (TCJA).	Paragraph 1000.20

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	5. Updated the discussion on the IRS website and social media resources for the IRS2Go app and information provided on Instagram and LinkedIn.	Paragraph 1000.35
	6. Updated the discussion for the transition to the Tax Exempt Organization Search tool.	Paragraph 1000.50
	7. Updated the discussion for the mention of ASU 2016-14 in the Form 990 instructions.	Paragraph 1001.29
	8. Expanded the discussion on special considerations for Form 990.	Paragraph 1001.31
	9. Updated the discussion on written contemporaneous acknowledgement of contributions for final regulations.	Paragraph 1001.35
	10. Added a footnote on a new revenue procedure allowing automatic consent for the early adoption of recognizing revenue under ASU 2014-09.	Paragraph 1003.1
	11. Updated the discussion on unrelated business income for requirements under the TCJA.	Paragraph 1003.5
	12. Added a discussion on the excise tax on excess compensation under the TCJA.	Paragraph 1003.8
	13. Updated the discussion for recent activity involving sales taxes related to Internet sales.	Paragraph 1005.8
	14. Updated the discussion on TE/GE priorities.	Paragraphs 1006.8–9
	15. Updated the discussion on tax-exempt bonds.	Paragraphs 1006.21–22
CHAPTER 11 Concluding the Audit	1. Noted the issuance of the 2018 Yellow Book.	Paragraph 1100.3
	2. Added discussions about the ASB voting to issue a final SAS, <i>Omnibus Statement on Auditing Standards—2019</i> , that will impact the auditor's responsibilities in several areas.	Paragraphs 1106.5, 1110.9, and 1115.1
	3. Added a discussion on the impact of the adoption of ASU 2014-09 will have on the number of accounting estimates.	Paragraph 1109.8
	4. Updated a footnote for the adoption of ASU 2016-01.	Paragraph 1109.35
	5. Added a footnote for the issuance of ASU 2018-13, <i>Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement</i> , and Concept Statement No. 8, <i>Conceptual Framework for Financial Reporting—Chapter 8, Notes to Financial Statements</i> .	Paragraph 1109.37
	6. Updated the discussion on materiality considerations related to disclosure for the FASB's issuance of <i>Amendments to Statement of Financial Accounting Concepts No. 8, Conceptual Framework for Financial Reporting—Chapter 3, Qualitative Characteristics of Useful Financial Information</i> .	Paragraph 1110.24

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	7. Updated a footnote on possible changes to the definition of <i>material</i> .	Paragraph 1114.20
CHAPTER 12 Financial Statements of Nonprofit Organizations	1. Restructured and revised for the adoption of ASU 2016-14.	Various
CHAPTER 13 Auditor's Reports	1. Added a discussion, footnote, or note for the issuance of the 2018 Yellow Book.	Paragraphs 1300.1, 1300.6, 1301.12, and 1306.1; Exhibit 13-4
	2. Updated discussion for a new SAS on the auditor's report that has been voted to ballot by the AICPA.	Paragraphs 1300.4-.5
	3. Expanded the discussion for when part of the reporting entity does not have a Yellow Book audit.	Paragraph 1301.23
	4. Updated the discussion on comparative totals for the adoption of ASU 2016-14 and the requirement to present an analysis of expenses by their functional and natural classifications in one location.	Paragraph 1301.28
	5. Expanded the discussion on reporting on internal control for handling the organization's response to findings identified in the audit as described in the accompanying schedule of findings and questions costs.	Paragraph 1306.5
	6. Added a Note on dating the auditor's report on supplementary information.	Appendix 13A-2
	7. Added a Caution regarding the 2018 Yellow Book.	Appendixes 13A-3 and 13D-1 to 13D-4
CHAPTER 14 Single Audits	1. Added a discussion or footnote for the issuance of the 2018 Yellow Book.	Paragraphs 1400.5-.6, 1400.16, and 1404.23
	2. Updated the discussion on transition considerations for OMB's <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> .	Paragraph 1400.9
	3. Updated the discussion on resources from the Chief Financial Officers Council.	Paragraph 1400.12
	4. Updated the discussion on the OMB Compliance Supplement.	Paragraphs 1400.14-.15 and 1407.22
	5. Added a discussion on the information that must be included in the corrective action plan and views of responsible officials for noncompliance caused by 2017 Hurricanes Harvey, Irma, and Maria cited in audit findings.	Paragraph 1409.10
	6. Updated the discussion on extensions of time to file the reporting package.	Paragraph 1409.21

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	7. Updated a footnote on the incorporation of the AICPA's attestation standards in the attestation standards in the Yellow Book.	Paragraph 1410.6
CHAPTER 15 Compilation and Review Engagements	1. Updated for the issuance of SSARS No. 24, <i>Omnibus Statement on Standards for Accounting and Review Services—2018</i> , and the addition of AR-C 100, <i>Special Consideration—International Reporting Issues</i> .	Paragraphs 1501.3–.5
	2. Added a discussion for when the engagement letter is addressed only to those charged with governance.	Paragraphs 1502.12–.13
	3. Updated the discussion on actions necessary when information from the client is incorrect, incomplete, or otherwise unsatisfactory.	Paragraph 1503.5
	4. Added a discussion on requirements when using the work of other accountants.	Paragraphs 1504.13–.15
	5. Added a discussion on requirements when there is an indication that there is uncertainty about the entity's ability to continue as a going concern.	Paragraphs 1504.16–.21
CONFIRMATION AND CORRESPONDENCE LETTERS (NPO-CL)		
Management Representation Letter	1. Added matters relating to ASU 2016-01, ASU 2016-02, and discontinued operations of any program or any significant services or activities to the Practical Consideration on common representations.	NPO-CL-3.1
	2. Added matters relating to classification of contributions, amounts held for others under agency and/or split interest agreements, debt covenant compliance, designations of net assets, loss contingencies, cybersecurity, and other IT-related matters to the Practical Consideration on financial statements or information provided.	NPO-CL-3.1
Internal Control Communications	3. Updated the Practical Considerations to note that the ASB voted to issue a final SAS, <i>Omnibus Statement on Auditing Standards—2019</i> .	NPO-CL-4.1, NPO-CL-4.2, and NPO-CL-4.3
Communication with Those Charged with Governance	4. Updated the Practical Considerations to note that the ASB voted to issue a final SAS, <i>Omnibus Statement on Auditing Standards—2019</i> .	NPO-CL-5.1 and NPO-CL-5.2
Receivables Confirmations and Letters	5. Updated for terminology used for FASB ASC 606.	NPO-CL-7.1
Benefit Plan Confirmations and Letters	6. Updated a Practical Consideration for the issuance of ASU 2018-14, <i>Compensation—Retirement Benefits (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans</i> .	NPO-CL-11.1 and NPO-CL- 11.2
Lease Confirmation Requests	7. Updated a Practical Consideration to reference a new confirmation of lease contract after adoption of ASU 2016-02 and for ASU 2018-11, <i>Leases (Topic 842): Targeted Improvements</i> .	NPO-CL-12.3.1
	8. Added a new confirmation of lease contract after adoption of ASU 2016-02.	NPO-CL-12.3.2



<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
Related Party Questionnaire	9. Updated the Practical Considerations to note that the ASB voted to issue a final SAS, <i>Omnibus Statement on Auditing Standards—2019</i> .	NPO-CL-12.4
Client Assistance Request Letter	10. Added an item for ASU 2016-02 to the Practical Consideration listing examples of schedules, analyses, confirmations, and other items that might be requested.	NPO-CL-12.10
<b>CHECKLISTS AND PRACTICE AIDS (NPO-CX)</b>		
Engagement Acceptance and Continuance Form	1. Added a Practical Consideration discussing the issuance of the 2018 Yellow Book.	NPO-CX-1.1
Engagement Independence and Nonattest Services Documentation Form	2. Updated the Practical Consideration discussing the AICPA's new ethics interpretation on hosting services for the revised effective date.	NPO-CX-1.2
	3. Added a Practical Consideration discussing additional activities to address independence resolution matters.	NPO-CX-1.2
	4. Added a discussion for the issuance of the 2018 Yellow Book.	NPO-CX-1.3
Evaluating Independence—Yellow Book and GAAS Audits	5. Updated the Practical Consideration discussing the AICPA's new ethics interpretation on hosting services for the revised effective date.	NPO-CX-1.3
	6. Added a Practical Consideration discussing additional activities to address independence resolution matters.	NPO-CX-1.3
	7. Added a discussion for the issuance of the 2018 Yellow Book.	NPO-CX-1.4
Continuing Professional Education Documentation Form	7. Added a discussion for the issuance of the 2018 Yellow Book.	NPO-CX-1.4
Single Audit and Major Program Determination Worksheet	8. Revised and updated instructions, worksheet, and Practical Considerations for current developments, including the 2018 Compliance Supplement and the need to use both the 2017 and 2018 Compliance Supplements together for single audits, and provided an update on the 2019 Compliance Supplement. Added important information related to 2017 Hurricanes Harvey, Irma, and Maria.	NPO-CX-1.5
	9. Updated the discussion on SFA Cluster annual audit policy memoranda issued by the Department of Education for the March 2018 memorandum's instructions on using the risk-based approach to determine major programs and removal of the previous requirement to make certain notifications for low-risk assessments.	NPO-CX-1.5
	10. Updated the Practical Considerations in Part III, Step 1a on due dates of reporting packages and the data collection form and current and previous extensions of due dates, including guidance relating to late submissions due to the impact of Hurricanes Harvey, Irma, and Maria.	NPO-CX-1.5
	11. Updated Part IV, Steps 7 and 8 to clarify the risk assessment requirements for Type B programs.	NPO-CX-1.5

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	12. Updated Part IV, Step 17 on the option to audit additional low-risk Type A programs as major programs (the “smoothing option”) to address timing and availability of the option due to passage of time.	NPO-CX-1.5
Low-risk Federal Program Determination Worksheet	13. Updated a Practical Consideration to Step 1 about the addition of a new program to an “Other Cluster” to address the 2018 Compliance Supplement.	NPO-CX-1.6
High-risk Federal Program Determination Worksheet	14. Updated the instructions and referenced important information in the instructions to NPO-CX-1.5.	NPO-CX-1.7
Understanding the Entity and Identifying Risks	15. Modified the instructions.	NPO-CX-3.1
	16. Added a Practical Consideration noting that the ASB has voted to issue a final SAS, <i>Omnibus Statement on Auditing Standards—2019</i> .	NPO-CX-3.1
	17. Added Practical Considerations discussing ASU 2016-02.	NPO-CX-3.1
	18. Added a Practical Consideration regarding identifying and assessing risk when implementing new accounting standards.	NPO-CX-3.1
	19. Added a Practical Consideration discussing cybersecurity risks.	NPO-CX-3.1
Engagement Team Discussion	20. Modified the instructions.	NPO-CX-3.2
	21. Added discussion topics on the susceptibility of the financial statements to material misstatements, past experience with the entity, changes in the entity’s organization, implementation of FASB ASC 606, and implementation of ASU 2016-14.	NPO-CX-3.2
	22. Added Practical Considerations discussing implementation of FASB ASC 606, ASU 2016-02, and ASU 2016-14.	NPO-CX-3.2
Fraud Risk Inquiries Form	23. Modified the instructions.	NPO-CX-3.3
	24. Added a Practical Consideration discussing implementation of ASU 2016-14.	NPO-CX-3.3
	25. Added a Practical Consideration noting that the ASB has voted to issue a final SAS, <i>Omnibus Statement on Auditing Standards—2019</i> .	NPO-CX-3.3
Audit Inquiries Summary Form	26. Added a Practical Consideration noting that the ASB has voted to issue a final SAS, <i>Omnibus Statement on Auditing Standards—2019</i> .	NPO-CX-3.4
Understanding the Design and Implementation of Internal Control	27. Modified the instructions.	NPO-CX-4.1
	28. Updated a Practical Consideration regarding implementing a significant new accounting standard for ASU 2016-14.	NPO-CX-4.1
Internal Control System Matrix—Federal Award Programs	29. Revised the instructions for additional clarity.	NPO-CX-4.5

<b><u>Chapter</u></b>	<b><u>Substantive Changes and Additions</u></b>	<b><u>Reference</u></b>
Entity-level Control Form for General IT Controls	30. Added a new internal control on obtaining and evaluating SOC 1 type 2 reports.	NPO-CX-5.5
Control Activities Form for Financial Close and Reporting	31. Added a new internal control on cybersecurity training.	NPO-CX-5.5
	32. Added a new internal control on system access.	NPO-CX-5.6
	33. Added a new internal control on system-generated data and reports.	NPO-CX-5.6
Control Activities Form for Investments and Derivatives	34. Added a new internal control on obtaining and evaluating SOC 1 type 2 reports.	NPO-CX-5.8
Control Activities Form for Program Service Fees, Revenue, and Receivables	35. Added a new internal control on access to the fee schedule file.	NPO-CX-5.10
Control Activities Form for Expenses for Program and Supporting Services and Accounts Payable and Other Liabilities	36. Added new internal controls on maintaining the supplier master file.	NPO-CX-5.12
Control Activities Form for Payroll and Related Liabilities	37. Added a new internal control on obtaining and evaluating SOC 1 type 2 reports.	NPO-CX-5.13
Risk Assessment Summary Form	38. Removed the option to permit documentation of risk assessment at the audit area level, revised the determination of combined risk of material misstatement (RMM) to reflect RMM ranges based on auditor judgment, and clarified language throughout to promote greater understanding of risk assessment concepts applied.	NPO-CX-7.1
Inherent Risk Assessment Form	39. Removed the option to permit documentation of risk assessment at the audit area level.	NPO-CX-7.2
Risk of Material Noncompliance Assessment Worksheet—Federal Award Programs	40. Added a discussion to the instructions and a note for the revised format of the 2018 Compliance Supplements and the need to use both the 2017 and 2018 Compliance Supplements for single audits. Also, included an update on the 2019 Compliance Supplement, revised to reflect ranges for risk of material noncompliance based on auditor judgment, and clarified language to promote greater understanding of risk assessment concepts related to Single Audits.	NPO-CX-7.3
Inherent Risk of Noncompliance Assessment Form—Federal Award Programs	41. Added a discussion to the instructions and a note for the revised format of the 2018 Compliance Supplements and the need to use both the 2017 and 2018 Compliance Supplements for single audits. Also, included an update on the 2019 Compliance Supplement.	NPO-CX-7.4
Planning Worksheet to Determine Extent of Substantive Procedures	42. Added a space to describe analytical procedures performed.	NPO-CX-8.1 and NPO-CX-8.4

<b><u>Chapter</u></b>	<b><u>Substantive Changes and Additions</u></b>	<b><u>Reference</u></b>
Substantive Analytical Procedures Worksheet	43. Noted the need to describe the suitability of the analytical procedure.	NPO-CX-9.1
Checklist of Tax-related Considerations in a Nonprofit Organization Audit	44. Added a Practical Consideration regarding a recent court case that expands the collection of sales taxes for items sold over the Internet.	NPO-CX-11.7
Audit Difference Evaluation Form	45. Noted that the list of qualitative factors are only examples and additional qualitative factors may exist and need to be considered.	NPO-CX-12.2
	46. Revised a Practical Consideration to consider prior-period audit differences during the implementation of FASB ASC 606, FASB ASC 842, and ASU 2016-14.	NPO-CX-12.2
Disclosure Checklist	47. Updated the checklist for disclosure requirements of recently issued professional accounting standards.	NPO-CX-13
Significant Estimates Identification Checklist	48. Added significant estimates items for FASB ASC 842 and FASB ASC 606. Also, added considerations for individually reasonable accounting estimates that are different from the amounts best supported by audit evidence and for differences between prior-year estimates grouped at one end of the range of reasonable estimates and current-year estimates grouped at the other end of the range.	NPO-CX-16.2
Disclosure Checklist for the Schedule of Expenditures of Federal Awards	49. Added a step and Practical Considerations for a disclosure to include in the notes to the SEFA to address Appendix VII-A of the 2018 Compliance Supplement requirements related to late submission of reporting packages due to 2017 Hurricanes Harvey, Irma, and Maria.	NPO-CX-16.5
<b>AUDIT PROGRAMS— CORE (NPO-AP)</b>		
Audit Program for General Planning Procedures	1. Added a Practical Consideration discussing the issuance of the 2018 Yellow Book.	NPO-AP-1
	2. Added a Practical Consideration to consider what steps need to be taken when an entity uses a third-party provider for any important functions or activities.	NPO-AP-1
	3. Added a Practical Consideration for the emphasis on the area of risk assessment.	NPO-AP-1
	4. Added a separate step to emphasize the need to modify the audit programs to respond to the assessed risk of material misstatement.	NPO-AP-1
Other General Planning Procedures	5. Added a step on documenting the other auditor's compliance with independence requirements when there is involvement of another office, correspondent, or affiliate.	NPO-AP-1, Other General Planning Procedures
	6. Added Practical Considerations on the use of new NPO-CX-4.4, "Documentation Form for Reliance on a SOC 1 Report."	NPO-AP-1, Other General Planning Procedures

Audit Program for General Auditing and Completion Procedures	7. Expanded the step on obtaining and evaluating a legal representation letter.	NPO-AP-2
	8. Expanded a step for consideration whether the accounting for subsequent events is appropriate.	NPO-AP-2
	9. Updated Practical Considerations for the final SAS that the AICPA has voted to issue, <i>Omnibus Statement on Auditing Standards—2019</i> .	NPO-AP-2
	10. Updated a Practical Consideration on the AICPA's upcoming new SAS relating to auditor's reports.	NPO-AP-2
Other General Auditing and Completion Procedures	11. Updated a Practical Consideration on the AICPA's exposure draft of a proposed SAS, <i>The Auditor's Responsibilities Relating to Other Information Included in Annual Reports</i> .	NPO-AP-2, Other General Auditing and Completion Procedures
	12. Updated a Practical Consideration for the issuance of ASU 2018-13.	NPO-AP-2, Other General Auditing and Completion Procedures
	13. Added a step on determining that changes in the fair value of financial liabilities are reported appropriately for periods after adoption of ASU 2016-01.	NPO-AP-2, Other General Auditing and Completion Procedures
Audit Program for Federal Award Programs—General Procedures	14. Added a discussion and Practical Considerations for the revised format of the 2018 Compliance Supplements and the need to use both the 2017 and 2018 Compliance Supplements for Single Audits. Also, included an update on the 2019 Compliance Supplement.	NPO-AP-3, Important Information and Basic Procedures
	15. Added a discussion for the issuance of the 2018 Yellow Book.	NPO-AP-3, Important Information
	16. Added a Practical Consideration on Chief Financial Officers Council resources on Uniform Guidance.	NPO-AP-3, Basic Procedures
	17. Revised Practical Considerations on the due date of reporting packages and extensions of due dates.	NPO-AP-3, Basic Procedures
	18. Added a discussion on the 2019 Compliance Supplement to the Practical Considerations.	NPO-AP-3, Basic Procedures
	19. Added a step to conclude on whether the summary schedule of prior audit findings is reasonable and meets the requirements of the Uniform Guidance and address material misrepresentations of status.	NPO-AP-3, Basic Procedures
	20. Added a Practical Consideration related to Appendix VII-A of the 2018 Compliance Supplement.	NPO-AP-3, Basic Procedures
	21. Expanded a Practical Consideration to address proposed changes to the data collection form for audits of fiscal periods ending in 2019–2021.	NPO-AP-3, Basic Procedures
Audit Program for Cash	22. Modified a step on confirmation procedures.	NPO-AP-5, Basic Procedures

Audit Program for Investments and Derivatives	23. Added, reorganized, and revised Practical Considerations for the adoption of ASU 2016-01.	NPO-AP-6, Basic Procedures, Extended Procedures, and Other Procedures
	24. Added a Practical Consideration on ASU 2018-19, <i>Codification Improvements to Topic 326, Financial Instruments—Credit Losses</i> .	NPO-AP-6, Basic Procedures
	25. Added Practical Considerations on ASU 2018-08.	NPO-AP-6, Basic Procedures and Extended Procedures
	26. Added a Practical Consideration on ASU 2018-13.	NPO-AP-6, Basic Procedures
	27. Added steps for nonprofit business combinations where the acquired entity presents separate financial statements and has elected to use pushdown accounting.	NPO-AP-6, Other Procedures
	28. Added Practical Considerations on use of the new NPO-CX-4.4.	NPO-AP-6, Other Procedures
	29. Revised the program steps and Practical Considerations regarding hedging activity.	NPO-AP-6, Other Procedures
Audit Program for Support, Accounts Receivables, and Sales Receipts	30. Updated Practical Considerations on ASU 2018-08.	NPO-AP-7, Basic Procedures
Audit Program for Service Fees, Revenue, and Receivable	31. Added Practical Considerations on ASU 2018-19.	NPO-AP-8, Basic Procedures and Other Procedures
	32. Added Practical Considerations on ASU 2018-08.	NPO-AP-8, Basic Procedures and Extended Procedures
	33. Added a Practical Consideration on the various sources that may be used to determine an acceptable range for the allowance for doubtful accounts.	NPO-AP-8, Extended Procedures
	34. Added a step for considerations when confirmations at an interim date contradicts your original risk assessment.	NPO-AP-8, Other Procedures
	35. Added a section on revenue-related audit procedures after the adoption of FASB ASC 606 that contains basic, extended, and other audit procedure steps.	NPO-AP-8, Other Procedures
Audit Program for Donated Materials, Facilities, and Services	36. Added a Practical Consideration for a proposed ASU, <i>Not-for-Profit Entities (Topic 958): Updating the Definition of Collections</i> .	NPO-AP-9, Basic Procedures

Audit Program for Expenses for Program and Supporting Services and Accounts Payable and Other Liabilities	<p>37. Added a Practical Consideration on ASU 2018-13.</p> <p>38. Added a Practical Consideration on ASU 2018-08.</p> <p>39. Added a Practical Consideration on ASU 2018-19.</p>	<p>NPO-AP-10, Basic Procedures</p> <p>NPO-AP-10, Other Procedures</p> <p>NPO-AP-10, Other Procedures</p>
Audit Program for Payroll and Related Liabilities	<p>40. Added a Practical Consideration to consider if the adoption of ASU 2016-14 changes the allocation of payroll expenses.</p> <p>41. Added Practical Considerations on ASU 2018-14.</p>	<p>NPO-AP-11, Basic Procedures</p> <p>NPO-AP-11, Other Procedures</p>
Audit Program for Property and Equipment	<p>42. Added or expanded Practical Considerations on ASU 2016-02.</p> <p>43. Added a Practical Consideration for a proposed ASU, <i>Not-for-Profit Entities (Topic 958): Updating the Definition of Collections</i>.</p> <p>44. Revised step and added Practical Consideration for adoption of ASU 2014-09.</p> <p>45. Expanded steps and Practical Considerations on lease-related audit procedures before the adoption of ASU 2016-02 that contain basic, extended, and other procedures.</p> <p>46. Added a section on lease-related audit procedures after the adoption of ASU 2016-02 that contains basic, extended, and other audit procedure steps.</p> <p>47. Moved a section on sales of real estate before the adoption of ASU 2014-09 from extended procedures to other procedures.</p>	<p>NPO-AP-13, Basic Procedures, Expanded Procedures, and Other Procedures</p> <p>NPO-AP-13, Extended Procedures and Other Procedures</p> <p>NPO-AP-13, Extended Procedures</p> <p>NPO-AP-13, Other Procedures</p> <p>NPO-AP-13, Other Procedures</p>
Audit Program for Other Assets	<p>48. Added a Practical Consideration on ASU 2018-15, <i>Intangibles—Goodwill and other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract</i>.</p>	<p>NPO-AP-14, Basic Procedures</p>
Audit Program for Debt and Other Liabilities	<p>49. Updated a Practical Consideration on ASU 2016-02.</p>	<p>NPO-AP-15, Basic Procedures</p>

	50. Added Practical Considerations for the adoption of ASU 2016-01.	NPO-AP-15, Basic Procedures
	51. Expanded a Practical Consideration for TCJA considerations.	NPO-AP-15, Basic Procedures
	52. Added a Practical Consideration on ASU 2018-13.	NPO-AP-15, Basic Procedures
	53. Updated a Practical Consideration for new NPO-CL-12.3.2, "Confirmation of Lease Contract (New for ASU 2016-02)."	NPO-AP-15, Extended Procedures
Audit Program for Net Assets	54. Added steps and Practical Considerations for the adoption of ASU 2016-14.	NPO-AP-16, Basic Procedures
Audit Program for Grant and Similar Programs	55. Added a Practical Consideration on ASU 2018-08.	NPO-AP-17, Basic Procedures
Audit Program for Federal Award Programs Not Included in the Compliance Supplement	56. Added a discussion for the revised format of the 2018 Compliance Supplements and the need to use both the 2017 and 2018 Compliance Supplements for single audits. Also, included an update on the 2019 Compliance Supplement.	NPO-AP-19, Important Information
AUDIT PROGRAMS— INITIAL AUDIT (NPO-IA)		
Additional General Planning Procedures for an Initial Audit	1. Added a Practical Consideration to consider evaluating the need to perform extended procedures on affected opening balances if any new significant accounting standards were implemented.	NPO-IA-1
Additional General Auditing and Completion Procedures for an Initial Audit	2. Added a Practical Consideration to consider the effects of recently effective accounting pronouncements and whether they have been properly applied.	NPO-IA-2
Additional Audit Procedures for Investments and Derivatives Beginning Balance in Initial Audit	3. Added a Practical Consideration to consider evaluating the need to perform extended procedures on affected opening balances if any new significant accounting standards were implemented.	NPO-IA-6
	4. Added a Practical Consideration to consider the effects of recently effective accounting pronouncements and whether they have been properly applied.	NPO-AP-6
Additional Audit Procedures for Support, Receivables, and Receipts Beginning Balance in Initial Audit	5. Added a Practical Consideration on ASU 2018-08.	NPO-IA-7



Additional Audit Procedures for Service Fees, Revenue, and Receivables Beginning Balance in Initial Audit	6. Added a Practical Consideration on the adoption of FASB ASC 606.	NPO-IA-8
Additional Audit Procedures for Property Beginning Balance in Initial Audit	7. Added a step for significant leases. 8. Added steps and a Practical Consideration for leases prior to adoption of ASU 2016-02 and after adoption of ASU 2016-02.	NPO-IA-13 NPO-IA-13
Additional Audit Procedures for Net Assets Beginning Balance in Initial Audit	9. Expanded a Practical Consideration on ASU 2016-14 for underwater endowment considerations.	NPO-IA-16
<b>COMPILATION AND REVIEW PRACTICE AIDS (NPO-CR)</b>		
Engagement Acceptance and Continuance	1. Added a Practical Consideration on hosting services.	NPO-CR-1
Illustrative Engagement Letter—Compilation	2. Modified the letter and Practical Considerations with minor editorial changes. 3. Added a Practical Consideration for when the engagement letter is addressed only to those charged with governance. 4. Revised and added Practical Considerations on supplementary information that accompanies the financial statements.	NPO-CR-3.1 NPO-CR-3.1 NPO-CR-3.1
Illustrative Engagement Letter—Review and Preparation Services	5. Added tax services and a related Practical Consideration in the list of services that management will oversee. 6. Modified the letter and Practical Considerations with minor editorial changes. 7. Added a Practical Consideration for when the engagement letter is addressed only to those charged with governance. 8. Revised and added Practical Considerations on supplementary information that accompanies the financial statements. 9. Added a Practical Consideration for when the accountant decides to accept responsibility for internal control instead of management. 10. Added tax services and a related Practical Consideration in the list of services that management will oversee.	NPO-CR-3.1 NPO-CR-3.2 NPO-CR-3.2 NPO-CR-3.2 NPO-CR-3.2 NPO-CR-3.2
Compilation Procedures, Review, and Approval Form	11. Added a Practical Consideration on hosting services.	NPO-CR-5.1
Review Procedures, Review, and Approval Form	12. Revised the instructions to note that the checklist may be used before and after implementation of SSARS No. 24.	NPO-CR-5.2

	13. Added a Practical Consideration on hosting services.	NPO-CR-5.2
	14. Added various procedures and Practical Considerations for use after adoption of SSARS No. 24.	
Inquiry and Analytical Procedures Program	15. Added a procedure to consider if any new accounting principles have been adopted.	NPO-CR-7
	16. Added a procedure to consider declines in debt and equity securities.	NPO-CR-7
	17. Revised a procedure to consider if lease obligations are capital or operating or financing, if early implementing ASU 2016-02.	NPO-CR-7
Review Reporting Checklist	18. Revised the instructions to note that the checklist may be used before and after implementation of SSARS No. 24.	NPO-CR-8.2
	19. Added various procedures and Practical Considerations for use after adoption of SSARS No. 24.	NPO-CR-8.2
Compilation, Standard Report	20. Added a note indicating that the financial statements should have all notes necessary for a fair presentation under GAAP.	NPO-CR-8.3
Review, Standard Report	21. Added a note indicating that the report should include the city and state in which the accountant practices.	NPO-CR-8.5
Illustrative Representation Letter—Review Engagement	22. Modified the letter and Practical Considerations with minor editorial changes.	NPO-CR-9
	23. Added a Practical Consideration referencing where to find an illustrative representation letter prepared in conformity with a special purpose framework.	NPO-CR-9
	24. Added a representation relating to information relevant to the use of the going concern assumption in the financial statements.	NPO-CR-9
	25. Added a representation relating to the organization's books and records being complete.	NPO-CR-9