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LIST OF SUBSTANTIVE CHANGES AND ADDITIONS
PPC’s Guide to Cash, Tax, and Other Bases of Accounting
Twenty-second Edition (August 2018)

Highlights of this Edition

The following are some of the important new features of the 2018 Edition of *PPC’s Guide to Cash, Tax, and Other Bases of Accounting*:

- **SSARS No. 24, Omnibus Statement on Standards for Accounting and Review Services—2018.** In May 2018, the ARSC issued SSARS No. 24, *Omnibus Statement on Standards for Accounting and Review Services—2018*. Among other things, SSARS No. 24 expands the requirements related to going concern and the use of other accountants in review engagements. Your *Guide* has been updated throughout for the applicable provisions of SSARS No. 24 and all AR-C references have been revised as needed. Dual guidance is provided where appropriate.
- **Updated Illustrative Financial Statements.** The illustrative financial statements throughout the *Guide* have been updated, as applicable, for ASU 2014-09, *Revenue From Contracts With Customers (Topic 606)*, and ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*.
- **Recently Issued Accounting Literature.** We’ve updated your *Guide* for relevant FASB pronouncements issued since the prior year’s edition. Practice aids and guidance have been updated for all recently issued accounting standards that affect your firm’s upcoming special purpose framework engagements, including ASU 2014-09 and ASU 2016-01.
- **Tax Legislation.** We’ve updated your *Guide* for the enactment of the Tax Cuts and Jobs Act and its effect on income tax basis financial statements.
- **Updated Disclosure Checklists.** We’ve also completely updated your cash basis and tax basis disclosure checklists for changes in requirements of the professional standards through August 20, 2018, to help ensure that your client’s special purpose framework financial statements are accurate and complete.

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. Updated the references and guidance throughout for SSARS No. 24, <i>Omnibus Statement on Standards for Accounting and Review Services—2018</i> .	Throughout
CHAPTER 1 An Introduction to Special Purpose Framework Financial Statements	1. Reorganized the chapter for better flow and streamlined certain material. 2. Updated the discussion on the auditor’s report project.	Throughout Paragraphs 102.2–.3

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 2 Form and Style Considerations	3. Added information about the issuance of SSARS No. 24 and other current projects of the Accounting Review Services Committee (ARSC).	Paragraphs 102.4–.7
	1. Updated the discussion to provide dual guidance on ASU 2016-01, <i>Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities</i> .	Paragraph 204.10
	2. Updated information on a proposed ASU, <i>Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)</i> .	Paragraph 204.28
	3. Updated the summary of significant accounting policies in the illustrative financial statements for FASB ASC 606, <i>Revenue from Contracts with Customers</i> .	Appendix 2A
CHAPTER 3 Disclosures in Special Purpose Framework Presentations	4. Updated the discussion for the investments disclosure for ASU 2016-01.	Appendix 2A
	1. Fully updated for ASU 2016-14, <i>Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities</i> , and removed superseded guidance.	Section 301
	2. Updated for ASU 2016-14.	Paragraph 302.4, footnote
	3. Updated for FASB ASC 606.	Paragraphs 303.2 and 310.4–.5
	4. Updated for ASU 2016-01.	Paragraphs 304.4, 310.7, and Appendix 3A
	5. Added information on ASU 2017-12, <i>Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities</i> .	Paragraph 304.5, footnote
	6. Added a discussion on disclosure considerations for entities using special purpose frameworks after the effective date of FASB ASC 606, including the effect of the Tax Cuts and Jobs Act (TCJA) on revenue recognition when using the income tax basis of accounting.	Paragraphs 304.17–.21
	7. Reorganized and streamlined the discussion on going concern uncertainty.	Paragraphs 305.4–.20
CHAPTER 4 Cash Basis of Accounting	8. Updated the information on a FASB project that would provide an accounting alternative to exempt private companies from the requirement to apply the VIE guidance.	Paragraph 308.9, footnote
	1. Indicated that, when relevant, the use of “and cash equivalents” is appropriate for captions in a statement of cash receipts and disbursements.	Paragraph 402.11
	2. Updated for the TCJA.	Paragraph 403.9, footnote

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	3. Updated to provide guidance on ASU 2016-01.	Paragraphs 403.22–.26, 404.13, and 404.27–.28
	4. Updated for FASB ASC 606.	Paragraphs 403.38 and 404.19
	5. Updated the “Disclosure Checklist for Cash Basis Financial Statements” for disclosure and presentation requirements of new accounting standards issued through August 20, 2018.	Appendix 4A
	6. Updated the summary of significant accounting policies in the illustrative financial statements for FASB ASC 606.	Appendixes 4B and 4C
CHAPTER 5 Income Tax Basis of Accounting	1. Updated for the TCJA.	Throughout
	2. Updated for ASU 2016-01.	Paragraphs 502.10, 504.13, and 504.38
	3. Updated for FASB ASC 606.	Paragraphs 502.45, 504.13, and 504.28
	4. Updated the “Disclosure Checklist for Tax Basis Financial Statements” for disclosure and presentation requirements of new accounting standards issued through August 20, 2018.	Appendix 5A
	5. Updated the summary of significant accounting policies in the illustrative financial statements for FASB ASC 606.	Appendixes 5C, 5D, and 5E
CHAPTER 7 Reporting on Special Purpose Framework Financial Statements	1. Revised the listing of review engagement report requirements for changes made to AR-C 90.39 by SSARS No. 24.	Paragraph 701.5
	2. Revised the discussion on reporting when other accountants have audited or reviewed a component for SSARS No. 24.	Paragraphs 701.28–.31
	3. Revised the discussion on the use of additional, emphasis-of-matter, and other-matter paragraphs.	Paragraphs 701.34–.42
	4. Revised the discussion on going-concern uncertainties for SSARS No. 24.	Paragraphs 701.43–.47
	5. Updated the information on the ASB’s project to revise the auditor’s report.	Paragraphs 702.1 and 702.24, footnotes
CHAPTER 8 Special Entities	1. Fully updated for ASU 2016-14 and removed superseded guidance.	Section 801
	2. Added information on ASU 2018-08, <i>Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made</i> .	Paragraphs 801.5 and 801.35

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	3. Added information on a proposed ASU, <i>Not-for-Profit Entities (Topic 958): Updating the Definition of Collections</i> .	Paragraph 801.6
	4. Updated for ASU 2016-01.	Paragraph 801.36
	5. Clarified when disclosure of open tax years is necessary.	Paragraph 801.62
	6. Updated discussions for the TCJA.	Paragraphs 802.32, 803.50, and 804.22
	7. Added information for personal financial statements on valuing assets under the income tax basis when assets are acquired other than by a conventional purchase.	Paragraph 803.46
	8. Updated the summary of significant accounting policies in the illustrative financial statements for FASB ASC 606.	Appendixes 8A-1, 8A-3, 8B-1, 8B-2, 8D-2, and 8D-3
	9. Updated the illustrative financial statements for changes due to ASU 2016-14.	Appendixes 8A-2, 8A-3, and 8A-4
	10. Added a model summary of account presentation for an estate using the income tax basis of accounting.	Appendix 8B-3
CHAPTER 9	1. Expanded the discussion on a firm's quality control system.	Paragraphs 901.5 and 901.10
Special Purpose	2. Updated the listing of issues noted in recent peer reviews of compilation and review engagements.	Paragraph 901.41
Framework	3. Added new information on ET 1.295.143, <i>Hosting Services</i> , including a change in the effective date.	Paragraph 902.30
Engagement	4. Updated information on other recent changes to the AICPA <i>Code of Professional Conduct</i> .	Paragraphs 902.31–.36
Considerations	5. Revised the discussion on risk avoidance.	Paragraphs 903.17–.20
	6. Expanded the discussion on using the work of other accountants in a review engagement for SSARS No. 24.	Paragraph 903.64
	7. Added a discussion on the going concern consideration guidance under SSARS No. 24.	Paragraphs 903.66–.68
	8. Added information on addressing the engagement letter.	Paragraph 904.23
	9. Added a practical consideration on addressing the engagement letter.	Appendixes 9A-1 and 9A-2
	10. Revised the engagement letter practical considerations on supplementary information.	Appendixes 9A-1 and 9A-2
	11. Added a practical consideration on adding supplementary information in the "Our Report" section of the engagement letter.	Appendixes 9A-1 and 9A-2

Chapter**Substantive Changes and Additions****Reference**

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| 12. Added a practical consideration on the accountant accepting responsibility for internal control in a review engagement. | Appendix 9A-2 |
| 13. Added a practical consideration on ET 1.295.143, <i>Hosting Services</i> . | Appendixes 9B, 9C, 9F, and 9K |
| 14. Added a procedure to address communications with other accountants (required by SSARS No. 24). | Appendix 9F |
| 15. Added a procedure on going concern (required by SSARS No. 24). | Appendixes 9F and 9I |
| 16. Added representations for going concern and completeness of the entity's books and records. | Appendix 9J |
| 17. Revised the instructions to discuss various parts of the form. | Appendix 9K |

