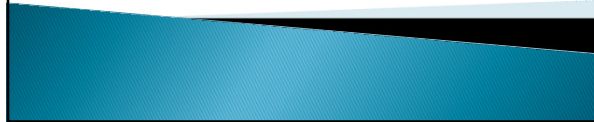


**THE SALVATION ARMY
CONSOLIDATION**
Preparing For Year End




Welcome and Introduction

- ▶ David Dunstan, Director of Financial Reporting, THQ
- ▶ Laura Jordan, Assistant Director of Financial Reporting, THQ
- ▶ Marilyn De Mara, National Industry Leader - Not for Profit, KPMG



Agenda

- ▶ KPMG - Audit Interaction
- ▶ Year End March 2011
 - Timeline
 - Preparing for Year End
 - Review
 - Accruals
 - Other Considerations
- ▶ Contacts



KPMG – AUDIT INTERACTION

- ### KPMG – Audit Interaction
- ▶ KPMG engagement to deliver opinion on 2011 financial statements
 - ▶ KPMG is assisted by Internal Audit
 - ▶ Scope of entire audit
 - ▶ 2010 and 2011 statements

- ### KPMG Audit Interaction
- ▶ Type of audit procedures that will be applied
 - ▶ Timing of audit
 - ▶ Types of questions
 - ▶ Available documentation
 - ▶ Both years

KMPG Audit Interaction

- ▶ Units selected will change from year to year
- ▶ Procedures applied at THQ
- ▶ Importance of chosen units to overall opinion

YEAR END – MARCH 2011

Fiscal Year End – March 2011

- ▶ Fully consolidated financial statements will be issued for the territory for the first time and will provide:
 - a full and complete picture of the work and ministry of The Salvation Army in Canada and Bermuda
 - present administrative, fundraising and program expenditures accurately in comparison to total revenues.
- ▶ Report timing
 - To be useful, information must be produced in a timely manner.
 - June 30th – target date for issuance of audited consolidated statements.
 - Adherence to the year end timeline is critical in order to have financial statements issued by the end of June.

Year End Timeline – Key Dates

Date	Task
April 7	THQ Loan Statements issued
April 11	THQ A/R Statements issued
April 14	Preliminary deposit account printouts issued
April 18	March MSA calculation
April 19	Final deposit account printouts issued
May 13	General Ledger closed

Preparing For Year End

Financial Statement Review:

- ▶ Entries sent by the consolidation team are recorded

Chart of Accounts Review:

- ▶ General ledger accounts established are in line with the territorial standard.

Preparing For Year End

Balance Sheet Review

THQ Deposit Accounts	<ul style="list-style-type: none"> • Balances agree to final printouts received. • Capital accounts – asset total ties to fund balance recorded.
PMA Deposit Accounts	<ul style="list-style-type: none"> • Balances agree to final printouts received. • Asset total ties to fund balance recorded.
Prepaid expenses	<ul style="list-style-type: none"> • Prepaid balances are appropriate and valid.
Capital Assets	<ul style="list-style-type: none"> • Items > \$5K are capitalized. • Depreciation has been recorded. • Fund balance ties to asset balance. • Retired assets are written off.
Liabilities	<ul style="list-style-type: none"> • Appropriate accruals established.
Fund Balances	<ul style="list-style-type: none"> • No entries have been posted to fund balance accounts.

Preparing For Year End

Income Statement Review:

Inter-departmental transfers	• Accounts net to zero across all funds
DHQ Grants	• Amounts recorded to grant accounts are appropriately categorized
Gift in Kind	• Amounts recorded should be supported by third party evidence
Income / Expenses reported at gross amounts	• Expenses have not been netted against income or income netted against expenses
MSA Expense	• Total recorded ties to total withdrawals made by THQ plus the year end accrual

Accruals (all MUs)

- ▶ MSA Accrual
 - March 2011 withdrawn in April must be accrued
 - April JE for Withdrawal
- ▶ Vacation Accrual
 - All ministry units must accrue vacation
 - Represents vacation time owed to employees as of March 31st
 - Credit to standard vacation accrual account (219500)
- ▶ Other
 - Review other expenditures for accruals required
 - Expenses incurred but not yet paid by March 31 must be reflected as expenses in the fiscal year (DR Expenses CR Accrued Liabilities)
 - Revenue earned but not yet received by March 31 must be reflected as revenue in the fiscal year (DR Receivable CR Revenue)

Other Considerations

- ▶ Funding and lease agreements should be readily available
- ▶ Audit questions for your units may arise, please respond in a timely manner with accurate information

CONTACTS

Contacts

Item	Contact
Consolidation / Reporting and Accounting issues	THQ_Consolidation@can.salvationarmy.org
THQ Deposit accounts	Samantha_Moss@can.salvationarmy.org
PMA Deposit accounts / DHQ invoicing	Local Regional Accounting Director: Western - Pam_McLuskey@can.salvationarmy.org Prairie - Christopher_Tuk@can.salvationarmy.org Ontario - Samantha_Moss@can.salvationarmy.org Quebec - Valery_Nabi@can.salvationarmy.org Atlantic - Wanda_Dillon@can.salvationarmy.org
Other Issues	Irene_Chan@can.salvationarmy.org David_Dunstan@can.salvationarmy.org

Conclusion
