

# Money & Mission



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## Did You Know?

The finance department's reports, *Fiscal Strategy 2011/12* and *Budget Guidelines 2011/12* are now available. Both reports contain helpful information you will need to prepare your unit's budget for the next fiscal year. They also provide background and rationale for the strategies approved by the territory for the year ahead. Be sure to obtain your copies today from the Lotus Notes Notice Board or by sending a request to [Money&Mission@can.salvationarmy.org](mailto:Money&Mission@can.salvationarmy.org)

## Editorial

We have been overwhelmed and humbled by the positive feedback to the first few issues of *Money & Mission*. The effort required to compile a semi-monthly publication like this is not insignificant, especially when it is being tackled by people who are already very busy. So, thank you. Your

accolades, as well as your comments and suggestions for future issues, have been very helpful. Please keep them coming! For that matter, if you have an issue you'd like to tackle yourself, we'd be pleased to receive your submission for consideration.

## Changes to the Auditor's Report on Financial Statements

by Marilyn J. De Mara, FCA

***Ministry units that issue audited financial statements will be interested in recent changes in audit standards. In this article, Marilyn De Mara, KPMG's lead audit partner for The Salvation Army, explains the impact on the auditor's report. These changes will affect audits in 2011.***

The auditor's report has been expanded to more fully describe the responsibilities of management and the auditor. As a result, it will be a minimum of six paragraphs, compared to the usual three (for an unqualified report). Here is what to look for:

- Management's responsibility now includes the internal controls necessary to prepare financial statements that are free from material misstatement
- The audit description will explain that the auditor's consideration of internal controls during the audit is not for the purpose of expressing an opinion on its effectiveness.
- The auditor may use an "emphasis of matter" paragraph to draw attention to a matter in the financial statements that is fundamental to users' understanding of the

statements. This paragraph is included immediately after the opinion paragraph. It will state that the matter emphasized does not modify the auditor's opinion.

- The auditor may also use an "other matter" paragraph to communicate information, not disclosed in the financial statements, which is relevant to users' understanding of the audit, the auditor's responsibilities or the auditor's report. This paragraph is included immediately after the opinion and any emphasis of matter paragraphs.
- For most charities, a "qualification for completeness of revenue" paragraph will be included in the new report, as it was in the past.
- Finally, the date of the auditor's report will be the day the board of directors approves the financial statements, rather than the last day of fieldwork.

# New Accounting Standards for Not-For-Profit Organizations

Canada's Accounting Standards Board ("AcSB") has announced new standards for not-for-profit organizations ("NFPOs") in the private sector. These are effective January 1, 2012, although can be adopted earlier. From that point on, most private NFPOs will prepare their financial statements in accordance with Canadian Accounting Standards for NFPOs. These consist of a series of standards specific to the unique circumstances and transactions of NFPOs, combined with Accounting Standards for Private Enterprises ("ASPE") to deal with issues common to all organizations.

For the time being, private NFPOs will notice few changes. This is because the new standards are based on existing Canadian accounting standards. To make ASPE more specific to private enterprises, the AcSB has removed issues related to publicly accountable organizations from existing standards. In addition, section 4400 which contains standards for NFPOs is being adopted largely "as is", at least for the moment. The AcSB has wound up its NFPO Advisory Committee and is establishing a joint task force with the Public Sector Accounting Board ("PSAB"). The task force will review and improve the 4400 series of standards to make them more relevant to NFPOs.

You may be interested to learn that the AcSB recently recognized Paul Goodyear, territorial financial secretary, for fourteen years of service to the NFPO Advisory Committee, which he chaired during his last five years.

## Who's Who

PAM McLUSKEY is the director of accounting in the finance department's Calgary office. Pam has been with the finance department for eight years. A certified general accountant, Pam manages the Calgary office and its 14 staff members who provide accounting services to 72 of the 91 ministry units in the divisions of British Columbia and Alberta & Northern Territories. Pam has lived in Calgary for 31 years, but originally hails from Saskatoon. She is married and has two school-aged sons.



Pam McLuskey  
Director of Accounting  
Calgary Office

## Kettle Fund Procedures

Christmas Kettles represent a significant source of income to support the provision of Christmas relief and support to those in need. To ensure that kettle income is accounted for consistently, the following procedures should be followed:

- Kettle income should be recorded in designated departments 320 to 349 and income account 634200.
- The kettle income department should only be used to record kettle income, wages and other costs of collection, and allocations to other ministry units. The kettle department should close to the family services fund balance.
- If income is transferred to

- another ministry unit, use a new inter-fund kettle transfer account in both the granting and receiving department.
- Kettle funds transferred from DHQ should be recorded as a grant from divisional headquarters (account 300 642100)
- Please refer to Territorial Finance Manual – Section 0606 for further details.

Following these guidelines will help safeguard kettle income:

- Bubbles should be secured to the stand.
- The two halves of the bubble should be locked with a small padlock, and only opened in the presence of two unrelated individuals in a secure location.
- Funds should be stored in a safe until they can be counted and deposited on the next business day.
- If a donor is unable to place money in the bubble, the kettle worker should do so immediately and in the presence of that donor.
- The kettle should never be left unattended
- Consideration should be given to using an armored car service for bank deposits.



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### Comments, Suggestions?

Do you have comments on any of the topics raised in this issue, or suggestions for a future issue? Write to us at:  
[Money&Mission@can.salvationarmy.org](mailto:Money&Mission@can.salvationarmy.org).

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