Audit Plan for August 31, 2009 Audit
American Library Association
Agenda

- GT Personnel
- Reports to be Issued
- Required Communications
- Audit Timetable
- Audit Plan
- Audit Issues and Focus
- New Accounting and Auditing Pronouncements
GT Personnel

- Frank Jakosz – Partner
- John Fedus, Senior Manager
- Sandy Szczygiel, Senior Associate

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Reports to be Issued

- Financial Statements and Report of Independent Certified Public Accountant
- Financial Statements and Report of Independent Certified Public Accountant and Single Audit Reports (estimated to be completed March/April 2010)
- Internal Control Letter
- Required Communications (SAS 114 Presentation)
Required Communications (SAS 114 Presentation)

- Our responsibility under US GAAS (outlined in engagement letter)
- Significant Accounting Policies
- Particularly Sensitive Accounting Estimates
- Significant Audit Adjustments
- Disagreements with Management
- Consultations with Other Accountants
- Major Issues Discussed with Management prior to our retention
- Difficulties Encountered in Performing the Audit
Audit Timetable

- Interim Fieldwork – Week of July 27, 2009
- Final Fieldwork – November 17 – December 11, 2009
- Final Drafts Due – December 2009
- Reporting to the Finance Committee (Winter Meeting) – January 2010
Preliminary Audit Plan:
Planning (July through October 2009)

- Meetings with management and Finance Committee
- Preliminary fraud discussions
- Review internal controls and accounting policies
- Perform risk assessments and develop the detailed audit plan
- Preliminary analytical procedures
- Mail confirmations
- Discuss impact of new accounting pronouncements
Meetings with management and the Finance Committee

Fraud discussions (update)

Related footnotes

Substantive testing of the financial statements and the

Follow up on confirmations sent

Final Fieldwork (November - January 2010)

Preliminary Audit Plan:
Audit Issues and Focus

Review of internal controls for the following significant areas:

- Contributions received
- Member dues
- Contracts and grants
- Investments
- Operating expenses
- Employee compensation
Audit Issues and Focus

- Revenue recognition for contributions
- Revenue recognition of member dues
- Revenue recognition of sales of books and subscriptions
- Valuation of investments
- Operating expenses and functional expense allocation
- Employee compensation
- Major federal programs – testing of direct and material compliance requirements and internal controls over compliance (Testing to be done in March 2010)
- Disclosures related to new pronouncements

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New Accounting Pronouncements: Effective for this year

FASB Staff Position (FSP) FAS 117-1

- May impact the accounting for donor-restricted and internally designated endowment funds.
- UPMIFA serves as a model act for states to modernize their laws governing investment and management of donor-restricted endowment funds, and it replaces laws that were based on the 1972 UMIFA laws.
- Illinois enacted UPMIFA on June 30, 2009, so the Association will be subject to both the enhanced disclosure requirements, as well as the required accounting changes.

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New Accounting and Auditing Pronouncements: Effective for this year - continued

- FAS 157 – Fair Value Measurements
  - Defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
  - Establishes approach to measuring fair value
  - Enhances disclosures about fair value:
    - Fair value measurements at the reporting date
    - The level within the fair value hierarchy assigned
    - For level 3 fair value measurements, a reconciliation of beginning to ending balances attributable to gains and losses for the period
    - The valuation technique(s) used to measure fair value
New Accounting Pronouncements:
Effective for this year - continued

FASB Statement 165, *Subsequent Events*

- Introduces new terminology and defines a date through which management must evaluate subsequent events
- Lists the circumstances under which an entity must recognize and disclose events or transactions occurring after the balance sheet date
- Disclosures will include the date through which management has considered subsequent events.
- Statement 165 is effective for financial statements issued for interim and annual periods ending after June 15, 2009
New Accounting Pronouncements: Effective for next year

FASB Statement 168, *The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles*, establishes the FASB Accounting Standards Codification™ (ASC or Codification)

- Replaces a four-tiered hierarchy for U.S. GAAP with the Codification, a single source of authoritative guidance (excluding SEC guidance)
- Simplifies the application of GAAP by consolidating all authoritative guidance in one location and by imposing a consistent organizational structure on all guidance
- Any financial statement references to specific accounting guidance must be Codification references
- Entities should update their accounting policy documentation to replace references to pre-Codification GAAP
- Statement 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009

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Questions?

We appreciate the opportunity to work with the American Library Association