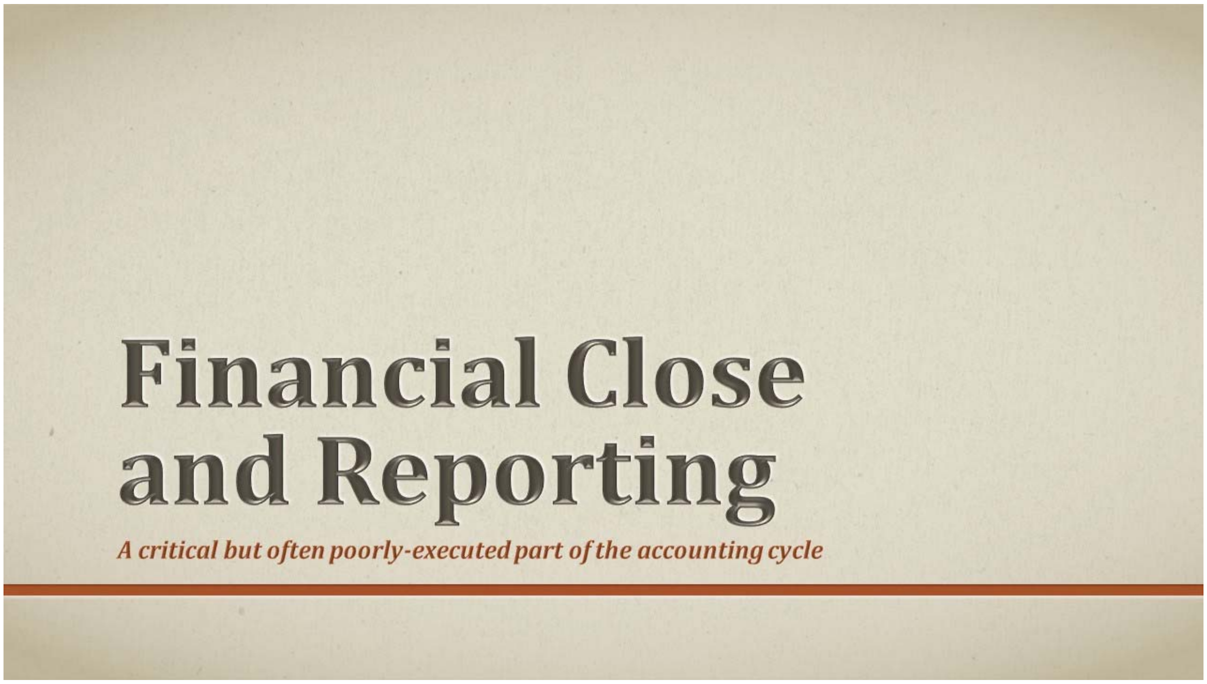
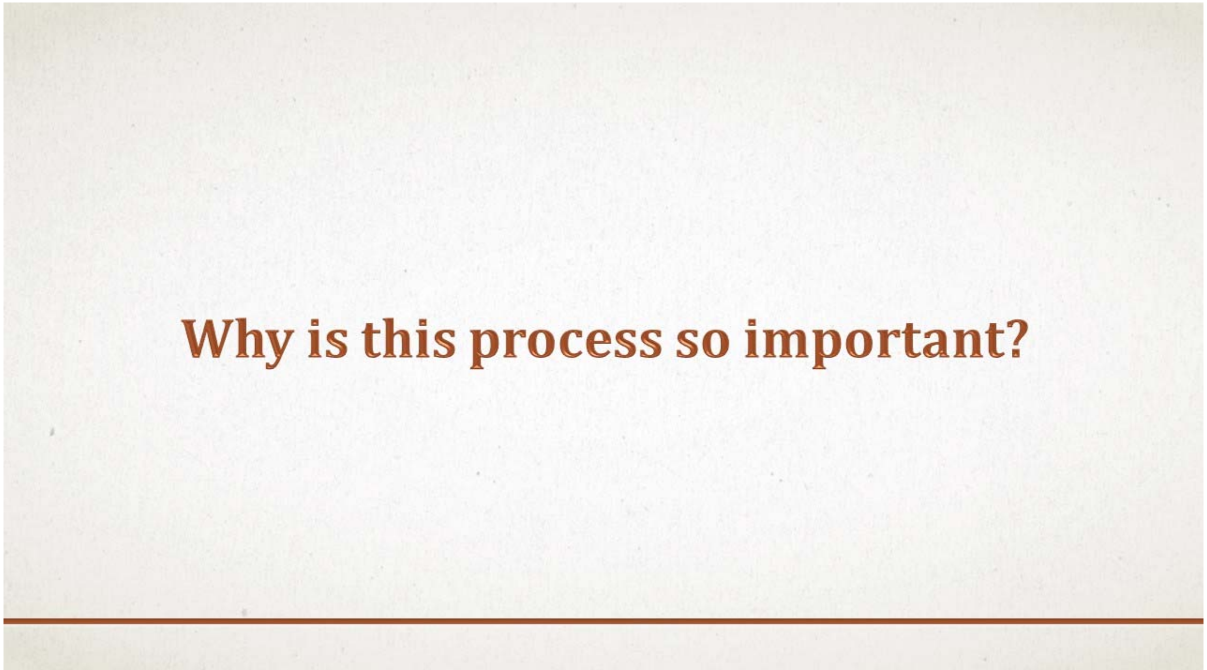


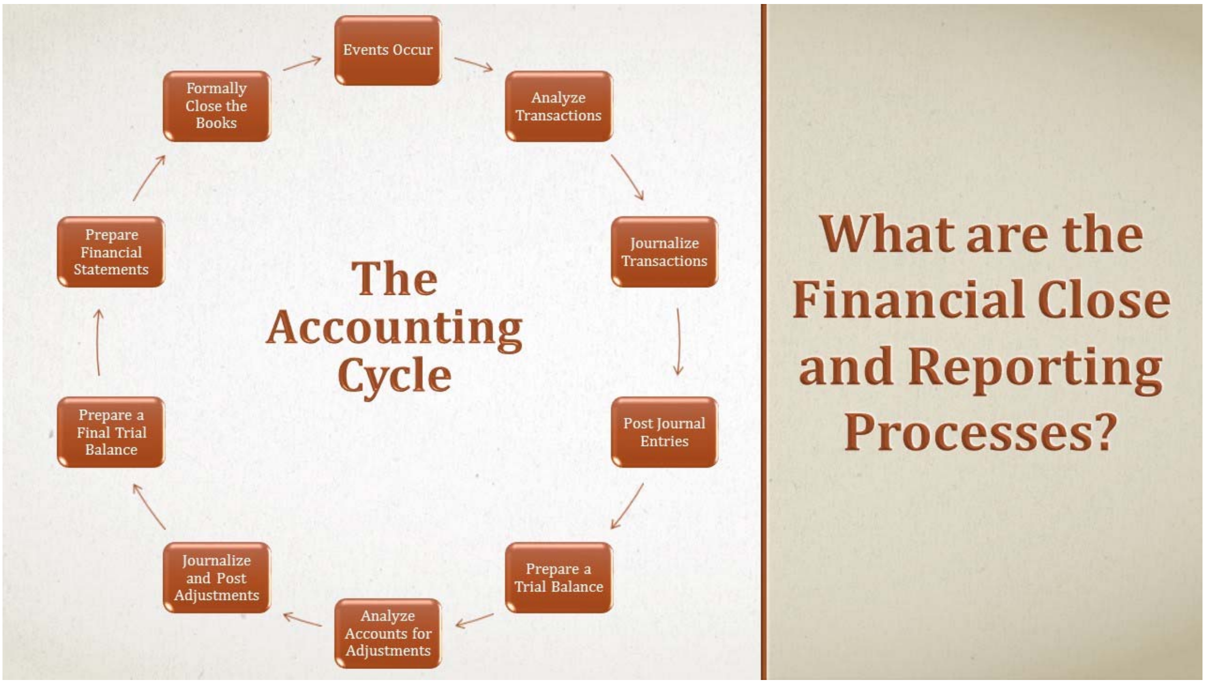
The financial close and reporting processes are a critical part of the accounting cycle and fundamental in having relevant and representationally faithful accounting records and financial statements. However, the process is often poorly executed – especially by small and medium-sized organizations.



Without performing the financial close and reporting processes, the accounting records and financial statement will be incomplete, inaccurate, and irrelevant.

The users of the financial statements will have not have decision-useful information.

Decisions made and actions taken will not be based on a representationally faithful picture of the organization’s financial position and activities.

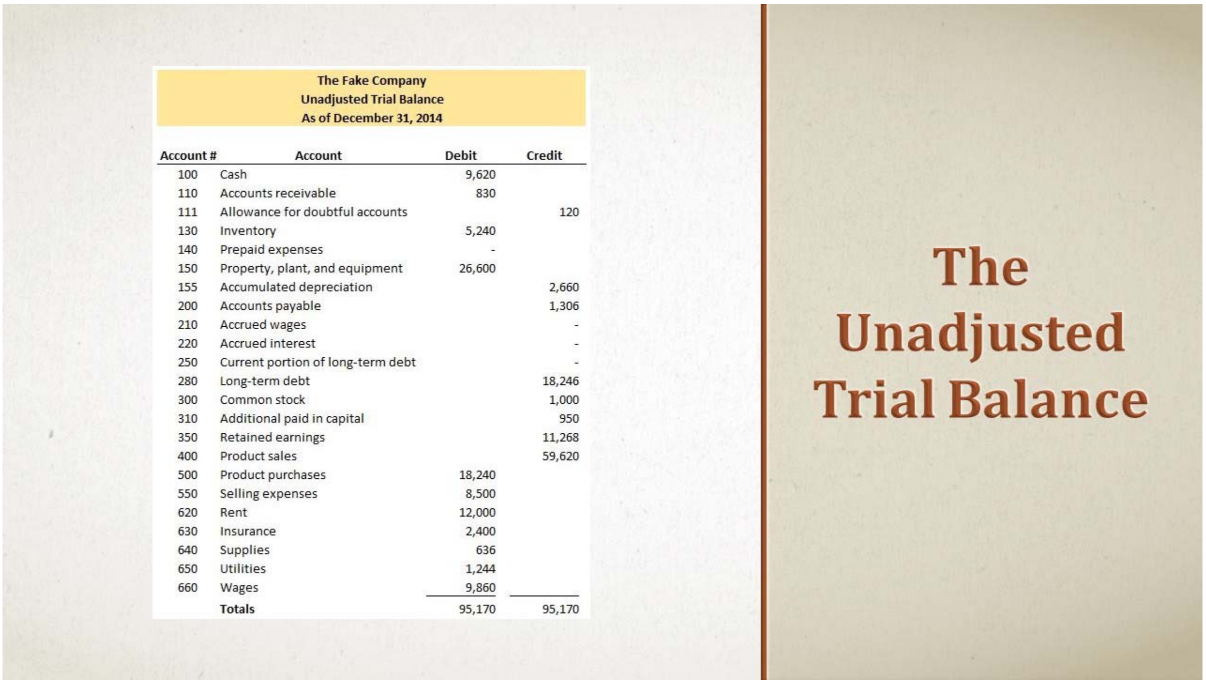


The activities performed at the end of the period that ensure all transactions and events have been recorded, all transactions and account balances have been measured appropriately, and that the financial statements are prepared properly.

They include:

- Preparing a trial balance
- Identifying, collecting, and analyzing information for accounts that require adjustments
- Preparing the adjusting journal entries and posting them to the ledgers
- Preparing an adjusted, or final, trial balance
- Use the final trial balance to prepare the required financial statements
- Formally closing the accounting records for the period

They comprise the majority of the accounting cycle's steps.



The Fake Company
Unadjusted Trial Balance
As of December 31, 2014

Account #	Account	Debit	Credit
100	Cash	9,620	
110	Accounts receivable	830	
111	Allowance for doubtful accounts		120
130	Inventory	5,240	
140	Prepaid expenses	-	
150	Property, plant, and equipment	26,600	
155	Accumulated depreciation		2,660
200	Accounts payable		1,306
210	Accrued wages		-
220	Accrued interest		-
250	Current portion of long-term debt		-
280	Long-term debt		18,246
300	Common stock		1,000
310	Additional paid in capital		950
350	Retained earnings		11,268
400	Product sales		59,620
500	Product purchases	18,240	
550	Selling expenses	8,500	
620	Rent	12,000	
630	Insurance	2,400	
640	Supplies	636	
650	Utilities	1,244	
660	Wages	9,860	
	Totals	95,170	95,170

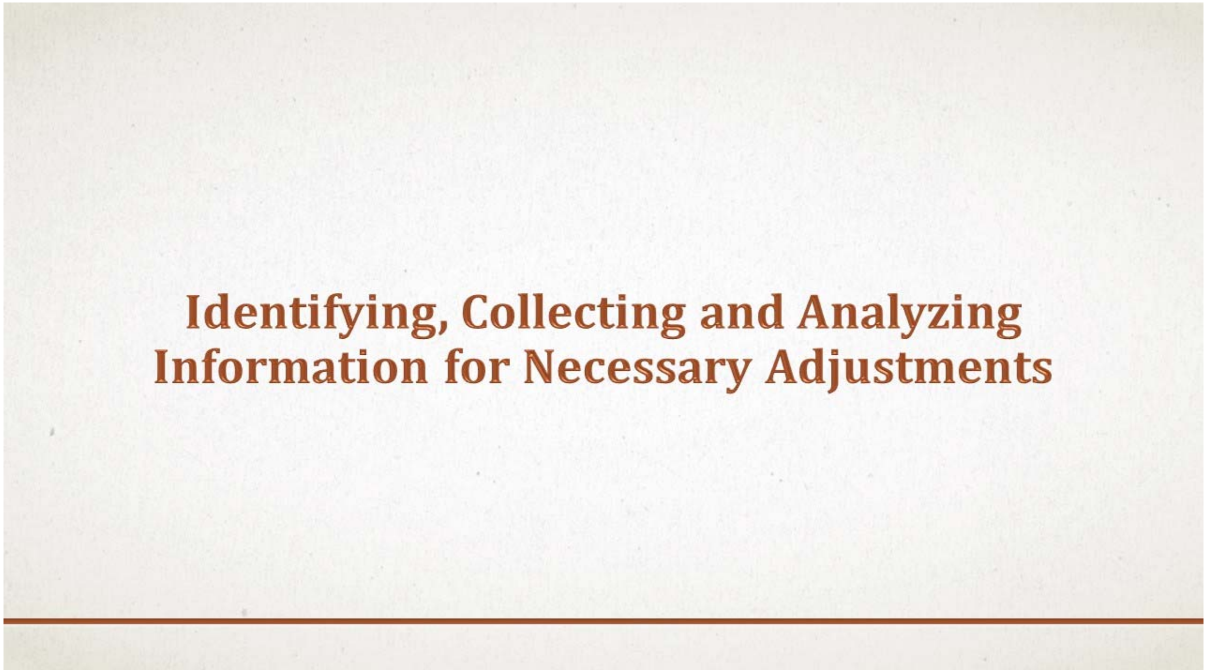
This is the starting point for performing financial close and reporting processes.

The unadjusted trial balance is simply a listing of all accounts from the general ledger as of a particular point in time.

The general ledger comprises all accounts used by the organization:

- Balance sheet accounts (e.g., cash, fixed assets, accounts payable, common stock, etc.)
    - These are called “permanent” accounts because their balances are carried forward from one period to the next.
- Income statement accounts (e.g., revenue, expenses, other revenue and expenses, etc.)
    - These are called “temporary” accounts because their balances are **closed** at the end of the period and rolled up into the appropriate equity account

The trial balance *must* balance – that is, the sum of all debits must equal the sum of all credits.



The next step is to identify, collect, and analyze information about transactions and events or regarding account balances that need to be recorded as adjusting entries.

A methodical approach is best practice. Work your way down the accounts on the trial balance and, for each, ask yourself:

- Does this account balance actually exist (or, not overstated)? Or, is it an account that no longer exists and yet the disposal of it was recorded elsewhere?
- Is the account balance complete (or, not understated)? Does it have all transactions and events recorded in it that should be recorded?
- Is the account valued appropriately? What's the proper valuation technique for this particular account? What are the factors in determining its value?
- Have revenues and expenses been allocated out of or into the account appropriately?
- Are all of the revenue or expense transactions that are recorded in this account applicable to the period being covered?
- Are there any revenue of expense transactions that have been earned or incurred but have yet to be recorded?

Use the answers to these questions to determine what information needs to be gathered, from whom or from where will it be gathered, and what analysis needs to be performed.

Develop a checklist of period-end adjustments that need to be made, the information required to be gathered, the analysis necessary, and the timelines of when to collect and analyze the data.

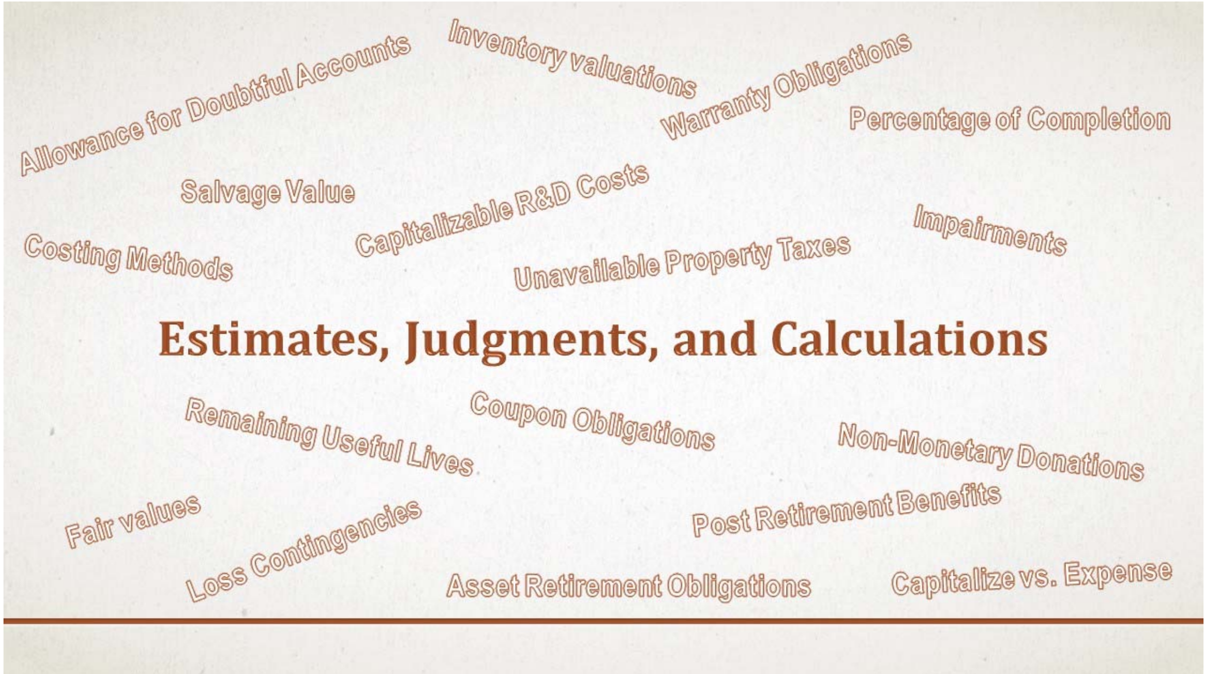
Suppose you have an Inventory balance on the unadjusted trial balance.

- *Does the account balance actually exist?* It's possible that there has been some inventory shrinkage that would mean the balance is overstated.
- *Is the account balance complete?* It's possible that some purchase orders issued before year end have been fulfilled and the invoice has simply not yet been received. Or, perhaps, goods are in transit at period end.
- *Is the inventory valued appropriately?* It's possible that the inventory is obsolete, or that its market value is lower than its cost.
- *Does anything need to be allocated to or from inventory?* For Works in Process Inventory, an allocation of overhead expenses often needs to be performed.

The last two questions are not applicable to Inventory.

The answers to these questions will provide you with a list of informational needs. For example, you will need to know the period-end physical inventory count. You will also need to look at open purchase orders at year end and determine if any were filled by period end. You will need to consider the marketability of the inventory and, if questionable, perform calculations to compare its market value to its cost. You will need to know which overhead costs are allocated to inventory and what calculations are used.

Once you have all of the necessary information, you will need to analyze it and compare your analysis results to the unadjusted balance. If there is a difference, then an adjustment will be necessary. If there is no difference, then no adjustment is necessary.



Accounting requires management to make *many* estimates, judgments, and calculations. The slide above shows a number of examples.

For financial statements to maintain their decision-usefulness, management must make these estimates, judgments, and calculations:

- Objectively and without bias
- Consistently from period to period
- Accurately (within materiality and cost constraints)

It's critical that those charged with governance know which estimates and judgments management is making, the rationale for the estimates and judgments, and how the calculations related to the estimates and judgments are performed.

Having that understanding will allow those charged with governance to ascertain the reasonableness and accuracy of the estimates and judgments and will help them detect any indications of management bias or fraud.

Estimates and judgments from prior periods should be evaluated by management and those charged with governance to determine how close to reality (representationally faithful) they were. Stark differences between reality and estimates should prompt changes in estimates or judgments and calculations should be revised. Stark differences should also be considered for indications of management bias or fraud.

Going back to our inventory example, management needs to make some estimates, judgments, and calculations to arrive at the proper period-end account balance.

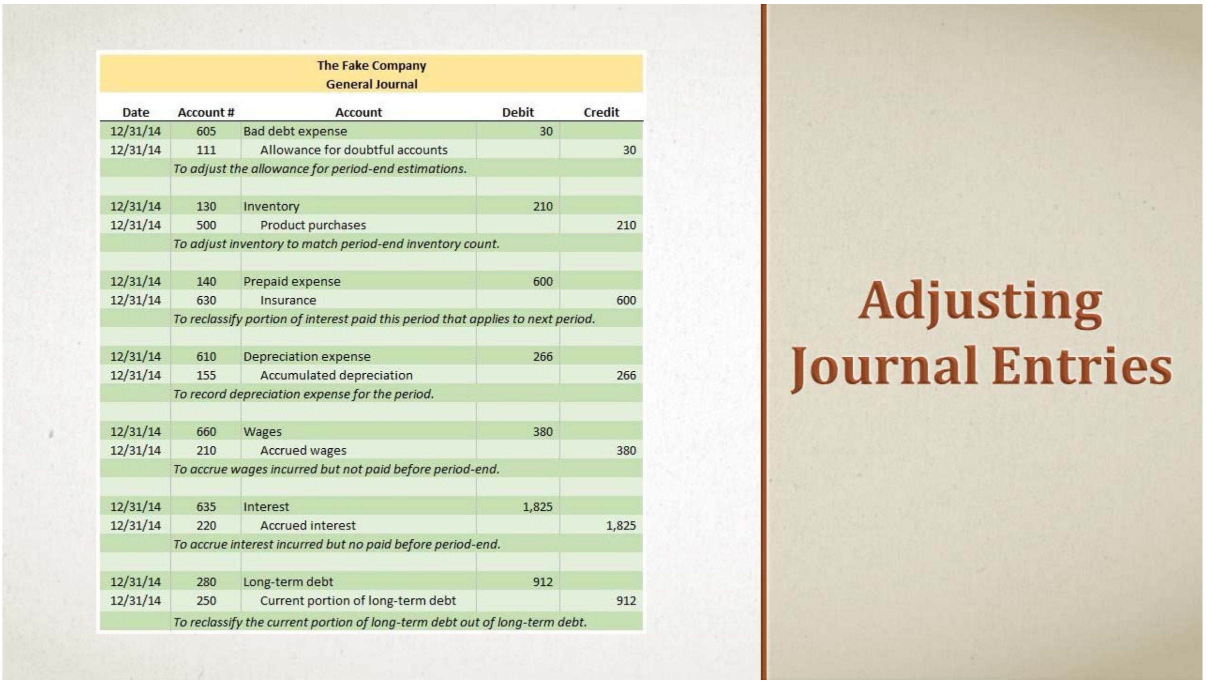
For example, management needs to make judgments on how inventory's costs flow. Will inventory be recorded on a Last-In, First-Out (LIFO) basis, First-In, First-Out (FIFO) basis, average cost basis, dollar-value LIFO basis, or some other costing method? Is the costing method appropriate, or still appropriate, and does it result in a faithful representation?

Management also needs to make judgments regarding the inventory's value. GAAP requires that inventory be recorded at the lower of cost or market (LCM). This requires estimates of the inventory's net realizable value (NRV), net realizable value less a normal profit, and comparisons to the recorded costs.

For Works in Process Inventory, management would need to determine which overhead costs should be allocated to inventory and estimate what percentage should be allocated.

These can be complicated calculations, so the information inputs need to be consistent from period to period, the method of calculation needs to be consistent, and the timing and manner of recording the adjustment should be consistent.

Management should document all factors of the adjustment and the Board should review them periodically.



The Fake Company
General Journal

Date	Account #	Account	Debit	Credit
12/31/14	605	Bad debt expense	30	
12/31/14	111	Allowance for doubtful accounts		30
		To adjust the allowance for period-end estimations.		
12/31/14	130	Inventory	210	
12/31/14	500	Product purchases		210
		To adjust inventory to match period-end inventory count.		
12/31/14	140	Prepaid expense	600	
12/31/14	630	Insurance		600
		To reclassify portion of interest paid this period that applies to next period.		
12/31/14	610	Depreciation expense	266	
12/31/14	155	Accumulated depreciation		266
		To record depreciation expense for the period.		
12/31/14	660	Wages	380	
12/31/14	210	Accrued wages		380
		To accrue wages incurred but not paid before period-end.		
12/31/14	635	Interest	1,825	
12/31/14	220	Accrued interest		1,825
		To accrue interest incurred but no paid before period-end.		
12/31/14	280	Long-term debt	912	
12/31/14	250	Current portion of long-term debt		912
		To reclassify the current portion of long-term debt out of long-term debt.		

Once the identification, collection, and analysis of adjusting information is complete, the accounting records need to be updated to with adjusting journal entries. These are recorded in the General Journal.

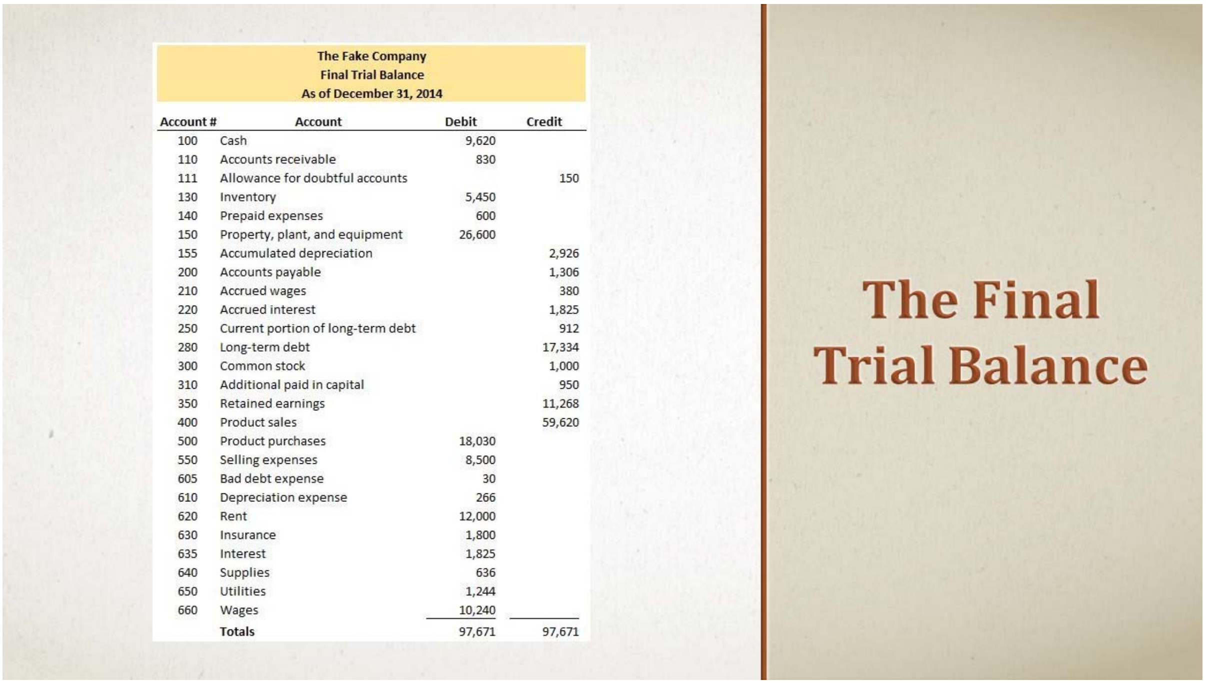
All journal entries should be supported by documentation (which is **not** just a printing out of the journal entry itself) and should be reviewed and approved by management.

- Documentation of the reasons for estimates and judgments made
- Source documents for the various factors in the calculation
- Worksheet of calculations and end results
- Documentation of authorization, review, and approval

Adjusting journal entries should be posted as of the date of the end of the period.

In accounting applications, journal entries are automatically posted to the ledger. But, if you're still keeping your records using pencil and paper, make sure you post the adjusting entries to the leger accounts (and once you're done that, you should think about entering the 21st century).

And always remember: debits must equal credits.



The Fake Company
Final Trial Balance
As of December 31, 2014

Account #	Account	Debit	Credit
100	Cash	9,620	
110	Accounts receivable	830	
111	Allowance for doubtful accounts		150
130	Inventory	5,450	
140	Prepaid expenses	600	
150	Property, plant, and equipment	26,600	
155	Accumulated depreciation		2,926
200	Accounts payable		1,306
210	Accrued wages		380
220	Accrued interest		1,825
250	Current portion of long-term debt		912
280	Long-term debt		17,334
300	Common stock		1,000
310	Additional paid in capital		950
350	Retained earnings		11,268
400	Product sales		59,620
500	Product purchases	18,030	
550	Selling expenses	8,500	
605	Bad debt expense	30	
610	Depreciation expense	266	
620	Rent	12,000	
630	Insurance	1,800	
635	Interest	1,825	
640	Supplies	636	
650	Utilities	1,244	
660	Wages	10,240	
	Totals	97,671	97,671

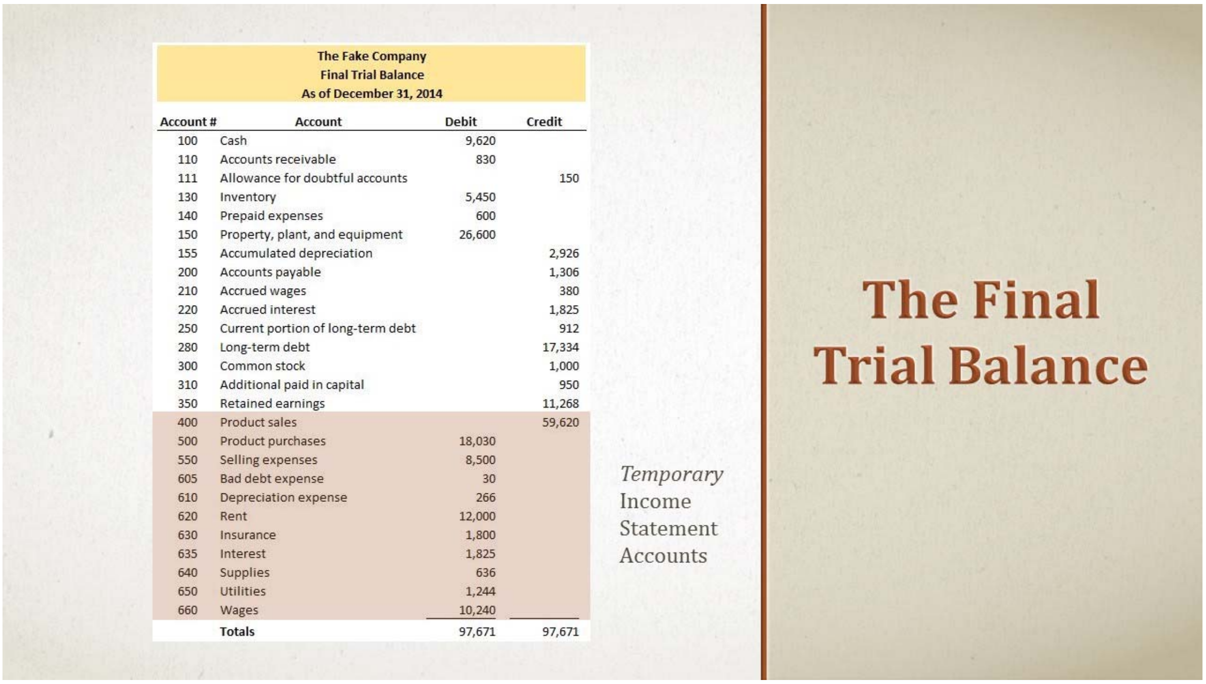
Once all adjustments are journalized and posted, a final trial balance needs to be generated.

Again, this is simply a listing of all permanent and temporary accounts in the general ledger and their balances as of the period end date.

As you can see from the example above (and when compared with the unadjusted trial balance from earlier) the adjusting journal entries have affected account balances. Some have been increased, others decreased, and some temporary accounts that were not on the unadjusted trial balance now have amounts.

The sum of all debits will still equal the sum of all credits.

The final trial balance will now be used by management to prepare the required financial statements.



Account #	Account	Debit	Credit
	The Fake Company **Final Trial Balance** **As of December 31, 2014**		
100	Cash	9,620	
110	Accounts receivable	830	
111	Allowance for doubtful accounts		150
130	Inventory	5,450	
140	Prepaid expenses	600	
150	Property, plant, and equipment	26,600	
155	Accumulated depreciation		2,926
200	Accounts payable		1,306
210	Accrued wages		380
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500	Product purchases	18,030	
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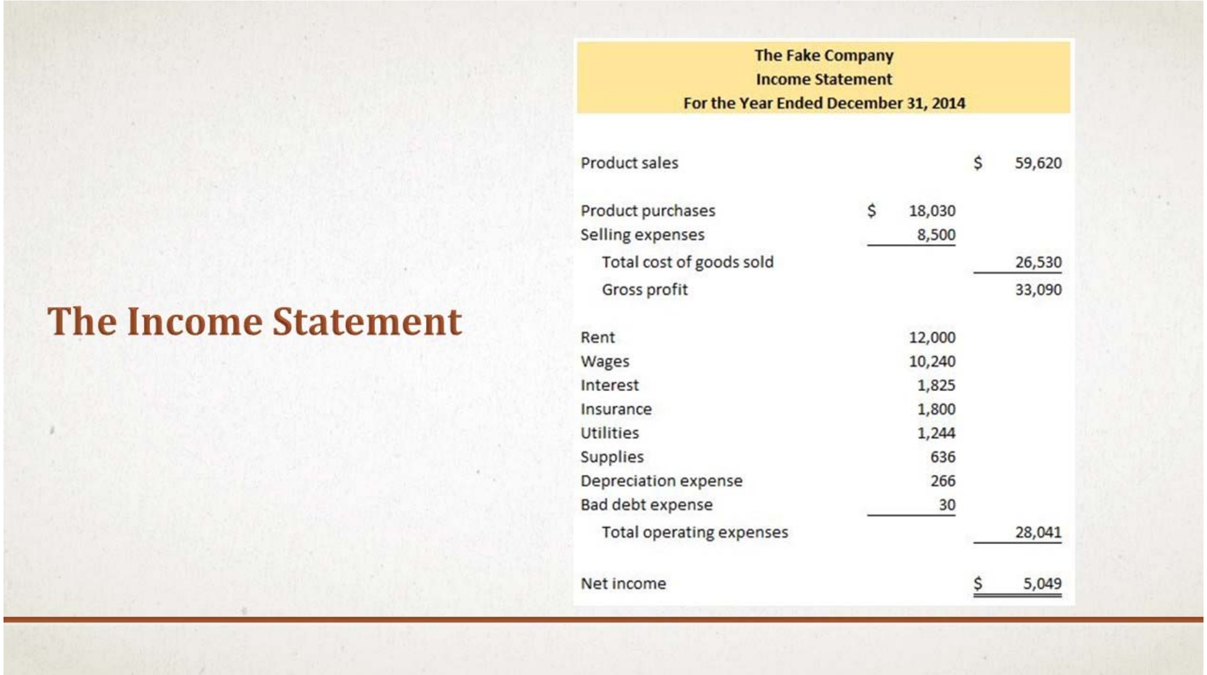
610	Depreciation expense	266	
620	Rent	12,000	
630	Insurance	1,800	
635	Interest	1,825	
640	Supplies	636	
650	Utilities	1,244	
660	Wages	10,240	
	Totals	97,671	97,671

The first step in preparing financial statements is to prepare the Income Statement.

The income statement is composed of all temporary accounts – accounts that get closed at the end of the period and rolled up into the equity accounts.

The income statement describes how equity changed throughout the period as a result of revenues, expenses, and other revenues and expenses.

The bottom line is either net income or net loss.

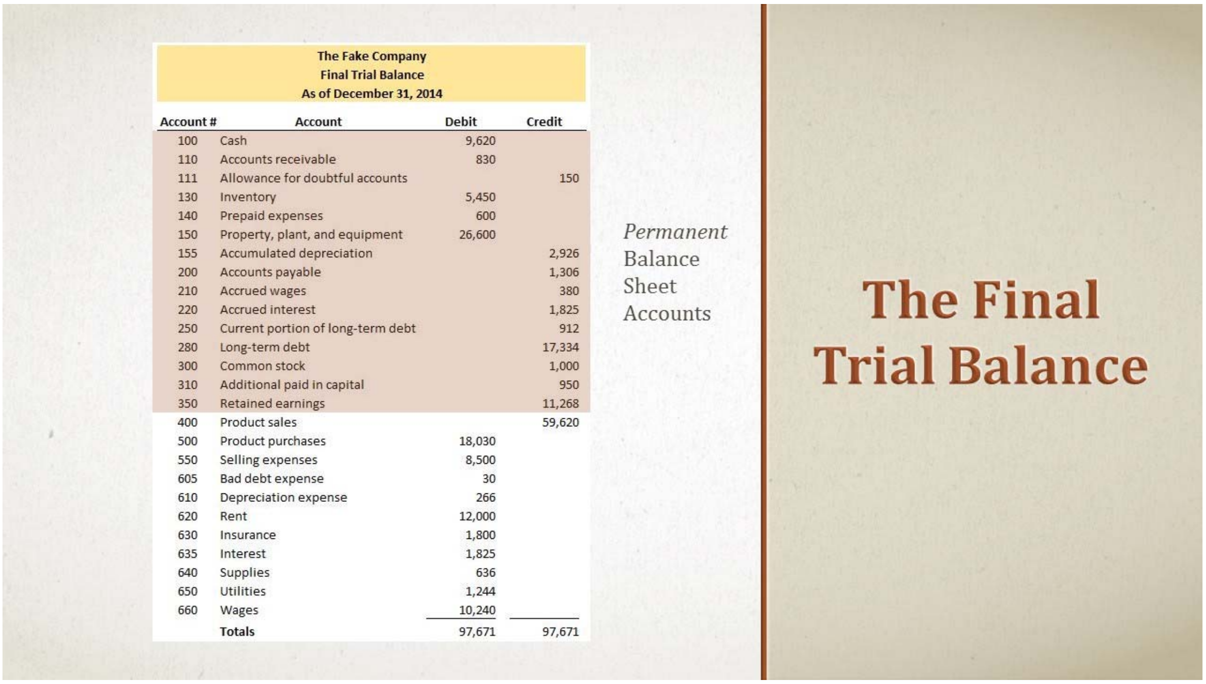


The Fake Company Income Statement For the Year Ended December 31, 2014		
Product sales		$ 59,620
Product purchases	$ 18,030	
Selling expenses	8,500	
Total cost of goods sold		26,530
Gross profit		33,090
Rent	12,000	
Wages	10,240	
Interest	1,825	
Insurance	1,800	
Utilities	1,244	
Supplies	636	
Depreciation expense	266	
Bad debt expense	30	
Total operating expenses		28,041
Net income		$ 5,049

The income statement is the easiest statement to produce because it's simply taking the items from the final trial balance and organizing them in the proper format.

The net income (or loss) is key to completing the balance sheet. This is why the income statement is prepared first.

Accounting applications will be able to prepare this for you automatically. Just be sure to have all of your adjustments posted – otherwise the income statement will not be complete or accurate.



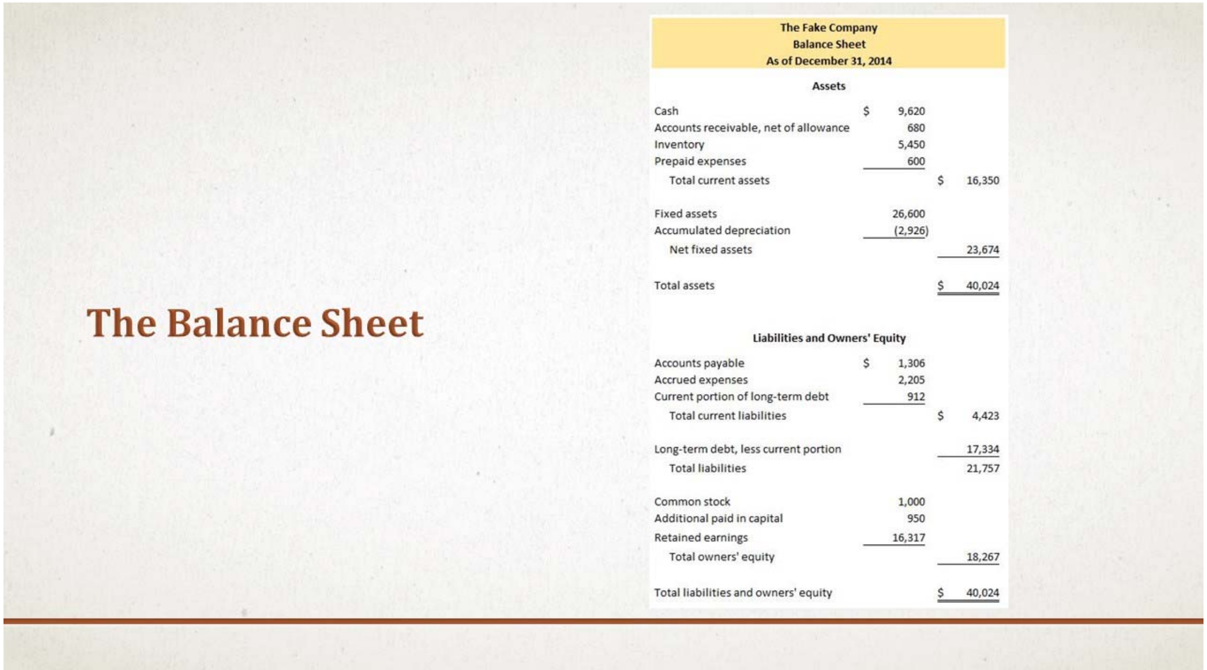
The Fake Company Final Trial Balance As of December 31, 2014			
Account #	**Account**	**Debit**	**Credit**
100	Cash	9,620	
110	Accounts receivable	830	
111	Allowance for doubtful accounts		150
130	Inventory	5,450	
140	Prepaid expenses	600	
150	Property, plant, and equipment	26,600	
155	Accumulated depreciation		2,926
200	Accounts payable		1,306
210	Accrued wages		380
220	Accrued interest		1,825
250	Current portion of long-term debt		912
280	Long-term debt		17,334
300	Common stock		1,000
310	Additional paid in capital		950
350	Retained earnings		11,268
400	Product sales		59,620
500	Product purchases	18,030	
550	Selling expenses	8,500	
605	Bad debt expense	30	
610	Depreciation expense	266	
620	Rent	12,000	
630	Insurance	1,800	
635	Interest	1,825	
640	Supplies	636	
650	Utilities	1,244	
660	Wages	10,240	
	Totals	97,671	97,671

The next step in preparing the financial statements is to prepare the Balance Sheet.

The balance sheet is a snapshot in time that describes the organization's financial position on a specific date.

In transferring accounts and amounts from the final trial balance, the preparer must remember to close the temporary accounts to the appropriate equity account, That is, whatever the net income or loss is, per the income statement, must be added to or subtracted from equity (in this case, the Retained Earnings account.)

Failure to do this will result in a balance sheet that doesn't balance. In fact, it will be out of balance by the net income or loss amount.



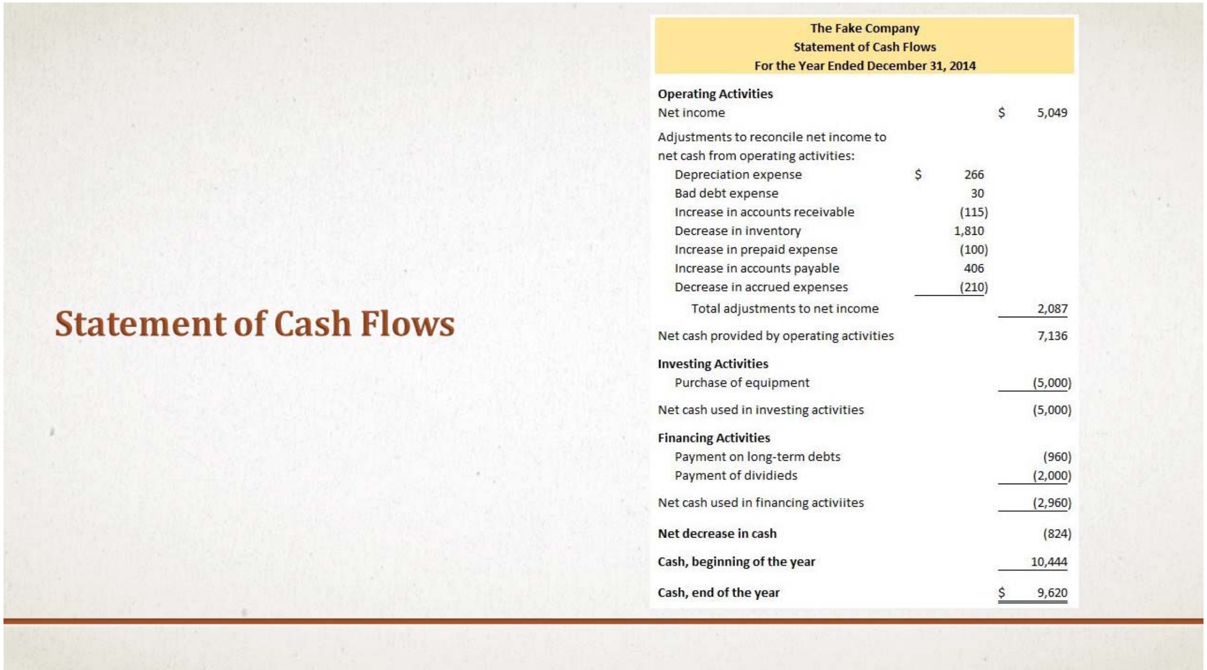
The Fake Company
Balance Sheet
As of December 31, 2014

Assets		
Cash	$ 9,620	
Accounts receivable, net of allowance	680	
Inventory	5,450	
Prepaid expenses	600	
Total current assets		$ 16,350
Fixed assets	26,600	
Accumulated depreciation	(2,926)	
Net fixed assets		23,674
Total assets		$ 40,024
Liabilities and Owners' Equity		
Accounts payable	$ 1,306	
Accrued expenses	2,205	
Current portion of long-term debt	912	
Total current liabilities		$ 4,423
Long-term debt, less current portion		17,334
Total liabilities		21,757
Common stock	1,000	
Additional paid in capital	950	
Retained earnings	16,317	
Total owners' equity		18,267
Total liabilities and owners' equity		$ 40,024

The balance sheet is the second-easiest financial statement to prepare. With the exception of the equity account to which net income (loss) was closed, it simply takes the final trial balance amounts for all balance sheet accounts and arranges them in the proper format.

Notice in the example above that Retained Earnings is $5,049 more than what it shows on the final trial balance. This is the net income amount that has been closed to retained earnings.

Accounting applications will be able to prepare this for you automatically. Just be sure to have all of your adjustments posted – otherwise the balance sheet will not be complete or accurate.



The Fake Company
Statement of Cash Flows
For the Year Ended December 31, 2014

Operating Activities		
Net income		$ 5,049
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation expense	$ 266	
Bad debt expense	30	
Increase in accounts receivable	(115)	
Decrease in inventory	1,810	
Increase in prepaid expense	(100)	
Increase in accounts payable	406	
Decrease in accrued expenses	(210)	
Total adjustments to net income		2,087
Net cash provided by operating activities		7,136
Investing Activities		
Purchase of equipment		(5,000)
Net cash used in investing activities		(5,000)
Financing Activities		
Payment on long-term debts		(960)
Payment of dividieds		(2,000)
Net cash used in financing activiites		(2,960)
Net decrease in cash		(824)
Cash, beginning of the year		10,444
Cash, end of the year		$ 9,620

The statement of cash flows is the most difficult statement to prepare. It requires management to:

- Identify non-cash items in the income statement and understand their effects on net income
- Use the prior-period balance sheet to determine how operating assets and liabilities have changed from the prior period to the current period
- Obtain and understand information about cash transactions occurring during the period that are not reported on the income statement
- Understand the difference between operating activities, investing activities, and financing activities

The statement of cash flows describes how cash has changed from the prior period to the current period and segregates those changes among three activity categories: operating activities, investing activities, and financing activities.

The end result – cash, end of year – should match the amount on the period-end balance sheet.

Most accounting applications are able to prepare a statement of cash flows for you automatically. However, there may be some “cash flow mappings” that are required for the application to categorize the cash transactions properly among operating, investing, and financing activities.

Statement of Changes in Owners' Equity

The Fake Company
Statement of Changes in Owners' Equity
For the Year Ended December 31, 2014

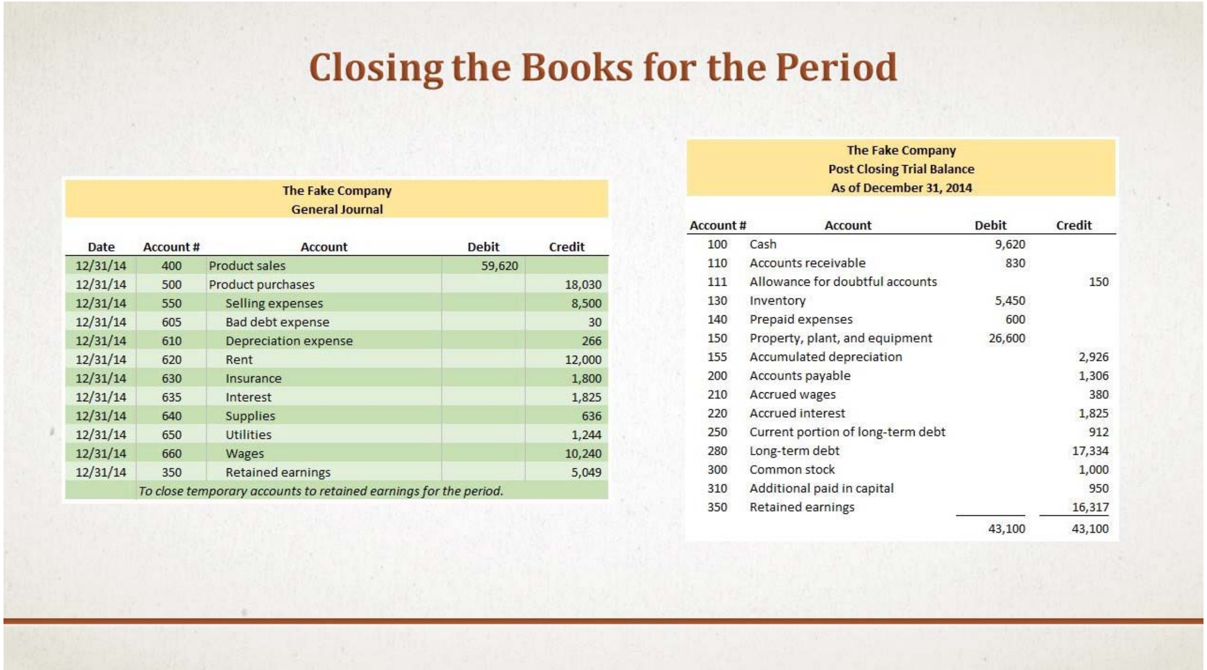
	Common Stock	Additional Paid In Captial	Retained Earnings	Total
Beginning balance	$ 1,000	$ 950	$ 13,268	$ 15,218
Net income	-	-	5,049	5,049
Dividends	-	-	(2,000)	(2,000)
Ending balance	$ 1,000	$ 950	$ 16,317	$ 18,267

Once all the other statements have been prepared, the statement of owners' equity is relatively easy to prepare.

The statement of changes in owners' equity describes how the different components of equity have changed from the prior period to the current period. By contrast, the income statement describes how equity has changed only as a result of operating and non-operating activities (revenue, expenses, and other revenue and expenses). The statement of owners' equity, though, includes other changes to equity components – like proceeds from contributions to equity, payments of dividends, conversions of equity components (e.g., from preferred stock to common stock), and changes in other comprehensive income.

To prepare it properly, management will need to:

- Obtain beginning balances for each equity component from the prior period's balance sheet
- Obtain and understand information about cash transactions occurring during the period that affect equity components.
- Understand the differences between each of the components.



Closing the Books for the Period

The Fake Company
General Journal

Date	Account #	Account	Debit	Credit
12/31/14	400	Product sales	59,620	
12/31/14	500	Product purchases		18,030
12/31/14	550	Selling expenses		8,500
12/31/14	605	Bad debt expense		30
12/31/14	610	Depreciation expense		266
12/31/14	620	Rent		12,000
12/31/14	630	Insurance		1,800
12/31/14	635	Interest		1,825
12/31/14	640	Supplies		636
12/31/14	650	Utilities		1,244
12/31/14	660	Wages		10,240
12/31/14	350	Retained earnings		5,049

To close temporary accounts to retained earnings for the period.

The Fake Company
Post Closing Trial Balance
As of December 31, 2014

Account #	Account	Debit	Credit
100	Cash	9,620	
110	Accounts receivable	830	
111	Allowance for doubtful accounts		150
130	Inventory	5,450	
140	Prepaid expenses	600	
150	Property, plant, and equipment	26,600	
155	Accumulated depreciation		2,926
200	Accounts payable		1,306
210	Accrued wages		380
220	Accrued interest		1,825
250	Current portion of long-term debt		912
280	Long-term debt		17,334
300	Common stock		1,000
310	Additional paid in capital		950
350	Retained earnings		16,317
		43,100	43,100

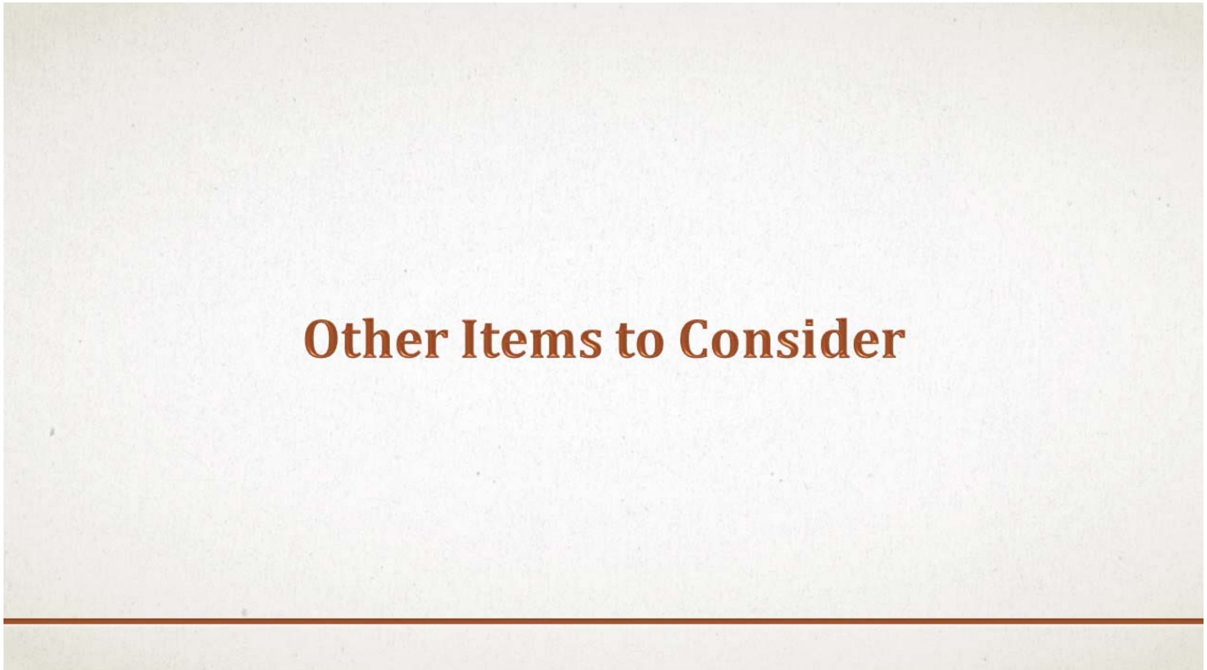
The final step in the Financial Close and Reporting processes is to close the books for the period.

This is accomplished by preparing one final general journal entry, called the *closing entry*, to zero out all of the temporary accounts (by posting debits or credits to those accounts that are equal to and opposite of their final trial balance amounts) and recording the net difference to the appropriate equity account.

In the example above, notice that the revenue account is being *debited* for $59,620 which will, when posted the ledger account, zero out the revenue account. Likewise, the expense accounts are being *credited* each in the amount of their final trial balance amounts. When posted to the ledger accounts, these will zero out the expense accounts. And, finally, notice that the net difference between the revenue and expense accounts ($5,049, the net income for the period) is being credited to the Retained Earnings account (and, thus, increasing it in the ledger from its final trial balance amount).

Once the closing journal entry is posted to the ledger, a Post Closing Trial Balance is created. Notice that it only contains permanent (balance sheet) accounts. These balances will carry forward into the new period. The temporary (income statement) accounts are essentially re-set to zero so that activity for the new period can be recorded in them.

Accounting applications perform this journal entry automatically as part of the software's closing process.



Interim Financial Close and Reporting

Many organizations only close their books once a year, even though economic decisions with respect to the organization are made throughout the year. Preparing financial statements *without* performing adjusting entries results in statements that do not faithfully represent the activities and economic condition of the organization.

Performing interim closes (e.g., every month or every quarter) provides decision-makers with decision-useful reports in a timelier manner. For example, operating budgets are often prepared well before the end of the fiscal period, so that they can be considered and decided upon. If decision-makers are using financial reports that don't faithfully represent economic reality, it's possible that they may make a decision that they would not have otherwise made.

Management's Responsibility

The realities of small and medium sized organizations is that senior management often lacks the training or expertise to adequately understand the financial close and reporting processes. Instead, they either rely on their subordinates or on external parties, like independent auditors, to perform the procedures for them. The problem with this approach is that, despite other parties performing the procedures, **responsibility remains with management**. If management doesn't understand the processes, estimates, judgments, and calculations that go into closing the books and preparing the financial statements, they run the risk of fraud or other misstatements going undetected and still being held responsible for them.

To be a responsible manager, it's imperative to learn and fully understand these processes as part of the job.

Adjusting Journal Entries Procedures

<<Account Being Adjusted>>

Description	In this space, describe why the account is likely to be adjusted, the accounting rationale for the adjustment, the information that needs to be collected, the source of the information, and how the information should be analyzed.
Assigned To	In this space, name the person or position authorized to collect the required information and perform the analysis to arrive at the adjustment amount.
Documentation	In this space, describe what documents need to be maintained on file to support the adjusting journal entry.
Standard DR/CR	In this space, provide details about which accounts will be debited and which accounts will be credited to properly post the adjustment.
Reviewer	In this space, name the person or position authorized to review the supporting documentation, estimates, judgments, and calculations, and to authorize the posting of the adjusting journal entries. This should not be the same person to whom the analysis is assigned.
Recorder	In this space, name the person or position authorized to journalize and post the adjusting journal entry to the books. This should not be the same person who reviews and approves the journal entries.
Post-Reviewer	In this space, name the person or position authorized to verify that the journal entry was posted correctly. This should not be the same person who journalizes and posts the entry. This is usually the same person as the Reviewer, but doesn't have to be.
Deadlines	In this space, provide deadlines for any portion of the procedure (e.g., date that collection and analysis must be completed by, date that review must be completed by, etc.), or for the entire procedure to be complete. Deadlines are normally described in number of business days after the fiscal period end. For example, Day 3 would be three day after fiscal period end.

Prepare one of these for every account that normally needs adjusting at year end. Review it with the responsible parties and ensure they understand their responsibilities. Maintain these on file.

Adjusting Journal Entries Procedures Example

Allowance for Doubtful Accounts

Description	Allowance for doubtful accounts is a contra-asset that offsets the accounts receivable account in the financial statements to ensure that accounts receivable is reported at it appropriate value, which is the amount that management *reasonably* expects to collect on outstanding receivable – also known as *net realizable value*. Fake Company estimates the allowance using the balance sheet method (or, percentage of outstanding receivables method). Under this method, individual outstanding customer accounts at period end are categorized based on age (0 – 30 days outstanding, 31 – 60 days, 61 – 90 days, and 91 days or older). An estimated collection rate for each age category is assigned based on experience with our customers under our current credit policies. The then multiplied by the total of each category. The sum of these products is the amount that management reasonably expects to collect on outstanding receivables. The difference between this amount and the accounts receivable balance is the allowance for doubtful accounts. See the attached example. Compare the amount calculated for the allowance for doubtful accounts with the unadjusted balance for the allowance for doubtful accounts. If there is a difference between the two, an adjustment should be posted. Obtain the aging receivables report from Apex Accounting Software. In the main screen, select Reports > Customers > Aging Receivables Report. Ensure that the report date is as of the period end, December 31, 20XX. Obtain the aging category percentages from historical collection data maintained in the AR/AP Clerk's office.
Assigned To	Harry Burns, AR/AP Clerk
Documentation	The aging report, support for the aging category percentages data, and the calculations performed.
Standard DR/CR	If the calculated allowance is *less than* the unadjusted balance, the journal entry will be: DR Allowance for Doubtful Accounts / CR Bad Debts Expense If the calculated allowance is *greater than* the unadjusted balance, the journal entry will be: DR Bad Debts Expense / CR Allowance for Doubtful Accounts
Reviewer	Sally J. Albright, CFO
Recorder	Harry Burns, AR/AP Clerk
Post-Reviewer	Sally Albright, CFO
Deadlines	Collection and Analysis: +3 Review: +5 Recording: +6 Post-Review: +7

Allowance for Doubtful Accounts Calculation Example

Accounts Receivable Aging Summary
As of December 31, 2011

Vendor	0 – 30	31 – 60	61 – 90	90 >	Total
Acme Co	$ 6,212	$ -	$ -	$ -	$ 6,212
Jim's Supplies	-	250	250	-	500
Jack and Jill Catering	-	1,650	-	200	1,850
Mary Contrary, Inc.	1,250	500	-	-	1,750
Opie's Playhouse	-	-	-	2,250	2,250
Yellow Belly Candies	-	-	300	300	600
Zenith Appliances	4,220	-	600	-	4,820
Totals	11,682	2,400	1,150	2,750	17,982
Historical Collection Rates	95%	75%	40%	10%	
Net Realizable Value	$ 11,098	$ 1,800	$ 460	$ 275	13,633
Allowance for Doubtful Accounts, as of December 31, 2011					**4,349**
Allowance for Doubtful Accounts, unadjusted balance					2,945
Adjustment required, Credit (Debit)					$ 1,404

Prepared by: Harry Burns, AR/AP Clerk 1/3/2012

Reviewed and Approved by: Sally J. Albright, CFO 1/5/12