

Financial Statements of

THE SALVATION ARMY
MINISTRY UNIT X

Years ended March 31, 2013 and 2012

Comment [DD1]: Blue font throughout this document will need to be updated for ministry unit specifics

INDEPENDENT AUDITORS' REPORT

Comment [DD2]: Auditors will update their report based on audit findings.

To The Governing Council of The Salvation Army in Canada

We have audited the accompanying financial statements of The Salvation Army - Ministry Unit X, which comprise the balance sheets as at March 31, 2013, March 31, 2012 and April 1, 2011, the statements of operations and changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, The Salvation Army - Ministry Unit X derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of The Salvation Army - Ministry Unit X.

Therefore, we were not able to determine whether, as at March 31, 2013, March 31, 2012 and April 1, 2011 and for the years ended March 31, 2013 and March 31, 2012, any adjustments might be necessary to donations and excess (deficiency) of revenue over expenses reported in the statements of operations, excess (deficiency) of revenue over expenses reported in the statements of cash flows and current assets and operating fund balances reported in the balance sheets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Salvation Army - Ministry Unit X as at March 31, 2013, March 31, 2012 and April 1, 2011, and its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

DRAFT

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Balance Sheets

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
Assets			
Current assets:			
Cash and cash equivalents (note 3)	\$ XXX	\$ XXX	\$ XXX
Accounts receivable	XXX	XXX	XXX
Capital assets (note 5)	XXX	XXX	XXX
	<u>\$ XXX</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

Liabilities and Fund Balances

Current liabilities:			
Accounts payable and accrued liabilities (notes 6 and 12)	\$ XXX	\$ XXX	\$ XXX
Deferred revenue (note 7)	XXX	XXX	XXX
Due to The Salvation Army DHQ (note 12)	XXX	XXX	XXX
	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Fund balances:			
Operating	XXX	XXX	XXX
Capital	XXX	XXX	XXX
Other Restricted (note 9)	XXX	XXX	XXX
	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Commitments (note 15)			
	<u>\$ XXX</u>	<u>\$ XXX</u>	<u>\$ XXX</u>

See accompanying notes to financial statements.

On behalf of The Governing Council:

_____ Member

_____ Member

Comment [DD3]: First draft financial statements must be in this format. The financial statements (Balance Sheet, Statement of Operations and Cash Flow) can be submitted to KPMG as an excel spreadsheet.

Categories may vary depending on reporting needs of ministry unit.

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Statements of Operations and Changes in Fund Balances

Years ended March 31, 2013 and 2012

	2013				2012			
	Operating Fund	Capital Fund	Other Restricted Funds	Total	Operating Fund	Capital Fund	Other Restricted Funds	Total
Revenue:								
Government grants:								
_____	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX
_____	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Grants from The Salvation Army DHQ and THQ (note 12)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Donations	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Other (note 12)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Interest (note 12)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Expenses:								
Salaries, wages and benefits	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
General office	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Administrative (note 12)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Program specific	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Equipment and furniture	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Property maintenance	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Management support assessment (note 12)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Payment to DHQ/THQ	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Allocation to capital project	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Amortization	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Excess (deficiency) of revenue over expenses	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Fund balances, beginning of year	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Transfer to DHQ (note 10)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Interfund transfers (note 11)	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
Fund balances, end of year	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX	\$ XXX

See accompanying notes to financial statements.

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Statements of Cash Flows

Years ended March 31, 2013 and 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ XXX	\$ XXX
Change in non-cash operating working capital:		
Accounts receivable	XXX	XXX
Accounts payable and accrued liabilities	XXX	XXX
Due to The Salvation Army DHQ	XXX	XXX
Decrease in cash and cash equivalents	XXX	XXX
Restricted funds opening balance	XXX	XXX
Cash and cash equivalents, beginning of year	XXX	XXX
Cash and cash equivalents, end of year	\$ XXX	\$ XXX

See accompanying notes to financial statements.

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

The Salvation Army **Ministry Unit X** (the "Ministry Unit ") is an unincorporated operating unit of The Salvation Army Canada & Bermuda Territory (the "Territory").

The Governing Council of The Salvation Army in Canada ("The Governing Council"), a corporation established by a Special Act of Parliament, is the primary legal entity through which the Territory conducts its operations. The Governing Council holds title to all Salvation Army property, including bank and investment accounts and real estate on behalf of individual operating units.

The Ministry Unit is a registered charitable organization, associated with The Salvation Army Territorial Headquarters ("THQ"), the primary charitable entity of the Territory. The Ministry Unit operates under the direction of The Salvation Army **[Name of Division]** Divisional Headquarters ("DHQ"), which is located in **[City, Province]**.

The Salvation Army is an international Christian church. Its message is based on the Bible; its ministry is motivated by love for God and the needs of humanity. The mission of The Salvation Army is to share the love of Jesus Christ, meet human needs and be a transforming influence in the communities of our world.

The Ministry Unit **[Describe Purpose / programs of Ministry Unit]**.

The Ministry Unit, a controlled entity of The Governing Council, has its financial data included in the consolidated financial statements of The Governing Council.

On April 1, 2012, the Ministry Unit adopted Canadian Accounting Standards for Not-For-Profit Organizations in Part III of The Canadian Institute of Chartered Accountants' ("CICA") Handbook. These are the first financial statements prepared in accordance with Not-For-Profit standards.

In accordance with the transitional provisions of Not-For-Profit standards, the Ministry Unit has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2011 and all comparative information provided has been presented by applying Not-For-Profit standards.

There were no adjustments to fund balances as at April 1, 2011 or excess (deficiency) of revenue over expenses for the year ended March 31, 2012 as a result of the transition to Not-For-Profit standards. **[be specific to statement narratives]**

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

1. Basis of presentation:

OPTION 1:

These financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CICA Handbook and present the assets, liabilities, fund balances, revenue, expenses and cash flows of the Ministry Unit.

(a) Operating Fund:

The purpose of the Operating Fund is to record the operations of the Ministry Unit, including the receipt and use of donations and legacies with no external restrictions, other than that they be used in operations.

(b) Restricted Funds:

(i) Capital Fund:

The purpose of the Capital Fund is to record capital assets, related debt and the net investment of the Ministry Unit in such assets.

(ii) Other Restricted Funds:

The Other Restricted Funds include funds set aside through internal or external restrictions for future operations or capital acquisitions.

External restrictions refer to any conditions or specific uses that have been requested or required by the donor in making a gift to the Ministry Unit. Internal designations refer to those funds which the Ministry Unit has earmarked for specific purposes, where the donor has not placed any restrictions on their use.

OR OPTION 2:

This schedule is prepared in accordance with the financial reporting provisions of the [insert name of agreement] Agreement dated [insert date of signed agreement] between The Governing Council on behalf of the Ministry Unit and [Name of the Funder/Agency].

Comment [DD4]: Option 1 used if the audited statements include balance sheet and statement of operations.

Comment [DD5]: Ensure all funds reported in the audited statements are disclosed here.

Exclude any funds listed here that are not applicable.

Comment [DD6]: Option 2 used when only the revenue and expenses are audited.

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

1. Basis of presentation (continued):

The [insert name of agreement] Agreement requires the schedule to be prepared in a manner consistent with generally accepted accounting principles ("GAAP"). Management of the Ministry Unit has interpreted GAAP to be the recognition and measurement principles of Canadian GAAP in the CICA Handbook - Part III related specifically to revenue and expenses, and not the presentation principles or the presentation of all of the financial statements and note disclosures required by GAAP for a complete set of financial statements.

2. Significant accounting policies:

(a) Cash and cash equivalents:

The Ministry Unit considers deposits in banks, certificates of deposit and other short-term investments with original maturities of 90 days or less at the date of acquisition as cash and cash equivalents.

(b) Capital assets:

Capital assets with a cost exceeding \$5,000 are stated at cost, less accumulated amortization, provided for on a straight-line basis over their estimated useful lives, ranging from 3 to 10 years.

Capital assets purchased with a cost of less than \$5,000 are not capitalized, which is in accordance with the policies established by the Territory.

(c) Contributions of materials and services:

Contributions of materials are recognized at fair market value only to the extent that they would normally be purchased and an official receipt for income tax purposes has been issued to the donors. Contributions of services are not recognized in these financial statements.

Comment [DD7]: Ministry units required to report land and building costs as required by their agreement will need to include separate paragraphs for Land and Buildings as follows: Land is carried at cost or fair market value at the date of acquisition and is not amortized.

Buildings are stated at cost, less accumulated amortization, provided for on a straight-line basis over their estimated useful lives of 40 years.

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

2. Significant accounting policies (continued):

(d) Revenue recognition:

The Ministry Unit follows the restricted fund method of accounting for contributions.

Unrestricted contributions and grants are recognized as revenue in the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year to which they relate. When a portion of the restricted contributions relates to a future period, it is deferred and recognized in that subsequent period. All other restricted contributions are recognized as revenue of the appropriate Restricted Fund.

Interest income, which is recorded on the accrual basis, represents interest income received from THQ and DHQ on deposits held on behalf of the Ministry Unit. Interest income earned on contributions with external use restrictions is recorded in the Other Restricted Funds, while other investment income is recorded in the Operating Fund.

Grants from The Salvation Army DHQ represent an allocation made to the Ministry Unit from DHQ for the operation of programs. The funds are derived mainly from individuals in the community that have contributed to the fundraising efforts of the Territory.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Ministry Unit has not elected to carry any such financial instruments at fair value.

It is management's opinion that there is no exposure to significant amounts of credit, interest or foreign exchange risks.

Comment [DD8]: Only include this paragraph if the ministry unit has included a separate line in the statement of operations labeled "interest income".

Terminology must be the same between statement of operations and note.

Comment [DD9]: All ministry units should report all funds received from DHQ (Red Shield, legacy, home mission) as Grants from The Salvation Army DHQ.

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

2. Significant accounting policies (continued):

(f) Allocation of expenses:

The Ministry Unit classifies expenses on the statements of operations by function. The Ministry Unit does not allocate expenses between functions on the statements of operations. However, the Ministry Unit does allocate certain costs [name specific costs] between [departments, programs, etc.] based on estimated usage.

Comment [DD10]: Only include if a schedule by department/program is included in the financial statements.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

3. Cash and cash equivalents:

The Ministry Unit maintains a chequing account with the Royal Bank of Canada for its operations, as well as deposit accounts held with THQ and DHQ. Under the Territory's policies, all ministry units invest surplus funds with THQ rather than with external financial institutions. THQ accounts bear interest at prevailing market rates based on the type of account.

Comment [DD11]: Change if the MU is using a different bank as a result of serviceability.

Cash and cash equivalents held were as follows:

	March 31, 2013	March 31, 2012	April 1, 2011
Operating bank account	\$ XXX	\$ XXX	\$ XXX
THQ general deposit account	XXX	XXX	XXX
THQ capital deposit account	XXX	XXX	XXX
DHQ property maintenance account	-	XXX	XXX
Petty cash advances	XXX	XXX	XXX
	\$ XXX	\$ XXX	\$ XXX

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

3. Cash and cash equivalents (continued):

Funds held in the general deposit account are available for withdrawal on demand and may be used for the general operating needs of the Ministry Unit.

Funds held in the capital deposit account represent funds that are restricted for capital purposes (i.e., acquisition, repair and replacement of long-lived assets); however, these funds can be withdrawn for operating purposes with the agreement of DHQ, provided the foreseeable capital needs of the Ministry Unit have been met.

Funds held in the property maintenance account represent funds that have been set aside by the Ministry Unit and are available for building repairs and maintenance, property and liability insurance and property taxes. Effective October 1, 2012 funds in the property maintenance account were merged with the capital deposit account to provide one pool of funds for capital improvements and maintenance.

4. Cash in trust:

The Ministry Unit has cash held in trust totalling \$_____ (March 31, 2012 - \$_____ ; April 1, 2011 - \$_____) on behalf of [residents, etc.]. These funds are not shown in these financial statements.

Comment [DD12]: Disclosure is required if you are holding funds on behalf of others and there is cash with an offsetting liability. Note these funds should not be reported in the FS

5. Capital assets:

March 31, 2013	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ XXX	\$ XXX	\$ XXX
Computer equipment	XXX	XXX	XXX
Vehicles	XXX	XXX	XXX
\$ XXX	\$ XXX	\$ XXX	\$ XXX
March 31, 2012	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ XXX	\$ XXX	\$ XXX
Computer equipment	XXX	XXX	XXX
Vehicles	XXX	XXX	XXX
\$ XXX	\$ XXX	\$ XXX	\$ XXX

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

5. Capital assets (continued):

April 1, 2011	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ XXX	\$ XXX	\$ XXX
Computer equipment	XXX	XXX	XXX
Vehicles	XXX	XXX	XXX
	\$ XXX	\$ XXX	\$ XXX

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances of \$_____ (March 31, 2012 - \$_____; April 1, 2011 - \$_____), which include amounts payable for payroll related taxes and HST.

7. Deferred revenue:

Deferred revenue represents [insert purpose of funds being deferred]. Contributions are recorded as deferred revenue until the related expenses have been incurred.

	March 31, 2013	March 31, 2012	April 1, 2011
Balance, beginning of year	\$ XXX	\$ XXX	\$ XXX
Funding received	XXX	XXX	XXX
Amounts recognized as revenue	XXX	XXX	XXX
Balance, end of year	\$ XXX	\$ XXX	\$ XXX

Comment [DD13]: NEW NOTE DISCLOSURE – include all liabilities payable to government.

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

8. Long-term debt:

[List details of long-term debt agreement - lender, interest rate, maturity date, monthly payments, debt secured by, etc.]

The aggregate amount of principal repayments required in each of the next five years and thereafter is as follows:

2014	\$
2015	
2016	
2017	
2018	
Thereafter	
<hr/>	
Less current portion	
	<hr/>
	\$

The current portion of the long-term debt is included in current liabilities.

9. Other Restricted Funds:

The Other Restricted Funds balance comprises the following:

	March 31, 2013	March 31, 2012	April 1, 2011
Funds externally restricted:			
Partners in Mission appeal	\$ XXX	\$ XXX	\$ XXX
Home Mission appeal	XXX	XXX	XXX
	<hr/>	<hr/>	<hr/>
	\$ XXX	\$ XXX	\$ XXX
Funds internally restricted:			
Capital deposit	\$ XXX	\$ XXX	\$ XXX
Capital projects	XXX	XXX	XXX
Property maintenance deposit	-	XXX	XXX
	<hr/>	<hr/>	<hr/>
	\$ XXX	\$ XXX	\$ XXX

Comment [DD14]: Typically this note will only be required if the ministry unit is required to report the capital assets and related debt as part of the funding agreement

Comment [DD15]: Expand or reduce as necessary

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

10. Transfer to DHQ:

Effective April 1, 2011, due to a change in policy at THQ, the Ministry Unit was required to transfer (a portion of) its DHQ property maintenance account to DHQ. This transfer resulted in a decrease to the opening balance of the internally restricted property maintenance account (Other Restricted Fund balances) of \$_____.

Comment [DD16]: This note is only applicable to social service ministry units in the Toronto Area – ONCE which had its PMA transferred to DHQ in fiscal 2012

11. Interfund transfers:

During 2013, the Ministry Unit transferred a net amount of \$_____ (2012 - \$_____) to the property maintenance reserve from the Operating Fund. The amount comprises an annual contribution to the reserve of \$_____ (2012 - \$_____) and \$_____ (2012 - \$_____) spent on eligible expenses during the year.

Comment [DD17]: Two options. Wording or Table.

OR

2013	Operating Fund	Capital Fund	Other Restricted Funds
Approved funds transferred from Operating Fund to DHQ property maintenance account	\$ XXX	\$ XXX	\$ XXX
Approved funds transferred from Operating Fund for capital asset additions	XXX	XXX	XXX
Approved funds transferred from capital deposit account for operations	XXX	XXX	XXX
Net funds transferred to DHQ property maintenance account for eligible expenses	XXX	XXX	XXX
Approved funds transferred from DHQ property maintenance account for operations	XXX	XXX	XXX
	\$ XXX	\$ XXX	\$ XXX

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

11. Interfund transfers (continued):

2012	Operating Fund	Capital Fund	Other Restricted Funds
Approved funds transferred from Operating Fund to DHQ property maintenance account	\$ XXX	\$ XXX	\$ XXX
Approved funds transferred from Operating Fund for capital asset additions	XXX	XXX	XXX
Approved funds transferred from capital deposit account for operations	XXX	XXX	XXX
Net funds transferred to DHQ property maintenance account for eligible expenses	XXX	XXX	XXX
Approved funds transferred from DHQ property maintenance account for operations	XXX	XXX	XXX
	\$ XXX	\$ XXX	\$ XXX

12. Related party transactions and balances:

The Ministry Unit received grants of \$_____ (2012 - \$_____) from DHQ during the year. In addition, \$_____ (2012 - \$_____) of interest was received from THQ and DHQ on funds held in deposit accounts. The Ministry Unit also received a grant of \$_____ (2012 - \$_____) from The Salvation Army **ministry unit** which is included in other income.

During the year, the Ministry Unit paid THQ \$_____ (2012 - \$_____) for management support assessment charges and \$_____ (2012 - \$_____) for accounting fees. The Ministry Unit also transferred to THQ \$_____ (2012 - \$_____) as a capital grant towards the new building project.

Included in accounts payable and accrued liabilities at year end are balances payable to THQ of \$_____ (March 31, 2012 - \$_____ ; April 1, 2011 - \$_____). The outstanding balance at year end represents management support assessment charges and the reimbursement of expenses paid by the related party on behalf of the Ministry Unit.

Comment [DD18]: This note will need to be tailored as required.

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

12. Related party transactions and balances (continued):

Also included in current liabilities is a balance of \$_____ (March 31, 2012 - \$_____ ; April 1, 2011 - \$_____) due to DHQ, which represents short-term financing for a capital project currently in progress [Change specifics as necessary]. This loan is non-interest bearing and has no repayment terms.

The above transactions and balances are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

13. Allocation of expenses: [two alternative formats provided]

Administration expenses of \$_____ (2011 - \$_____) have been allocated as follows:

	2013	2012
Function A	\$ XXX	\$ XXX
Function B	XXX	XXX
Function C	XXX	XXX
Fundraising	XXX	XXX
Total	\$ XXX	\$ XXX

OR

Fundraising expenses reported in the statement of operations of \$_____ (2011 - \$_____) are reported after allocation of \$_____ (2011 - \$_____) to Function A program, \$_____ (2011 - \$_____) to Function B program, and \$_____ (2011 - \$_____) to Function C program.

14. Economic dependence:

The Ministry Unit receives the majority of its revenue in the form of grants from the [name of government agency] and DHQ. In management's opinion, the Ministry Unit's continuing operations are dependent on the continuance of these grants.

Comment [DD19]: Include significant contributors only.

THE SALVATION ARMY

MINISTRY UNIT X

DRAFT Notes to Financial Statements (continued)

Years ended March 31, 2013 and 2012

15. Commitments:

The Ministry Unit is committed to future minimum annual payments under operating leases for _____ as follows:

2014	\$	XXX
2015		XXX
2016		XXX
2017		XXX
2018		XXX
Thereafter		XXX
		\$ XXX

In addition, the Ministry Unit is committed to reimbursing THQ for the mortgage and interest in the monthly amount of approximately \$ _____ to _____.

OR

The Ministry Unit is committed to mortgages, bearing interest at ____% and ____%, payable to THQ which holds title to the building the Ministry Unit occupies as well as committed to lease premises and vehicles with minimum annual payments as follows:

	Mortgages		Premises		Vehicles		Total	
2014	\$	XXX	\$	XXX	\$	XXX	\$ XXX	
2015		XXX		XXX		XXX	XXX	
2016		XXX		XXX		XXX	XXX	
2017		XXX		XXX		XXX	XXX	
2018		XXX		XXX		XXX	XXX	
Thereafter		XXX		XXX		XXX	XXX	
		\$ XXX			\$ XXX			\$ XXX

Comment [DD20]: 2nd option required if the ministry unit has an outstanding capital loan with THQ.