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Money & Mission



Giving Hope Today

Volume IV, Issue 18
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In the News

PAYMENT BY RESULTS HOLDING BACK INNOVATION ---The payment by results approach to charitable giving is making charities more risk-averse according to a report published by the National Council for Voluntary Organizations in the UK.

THE FRANCIS EFFECT --- An article in *The Economist* suggests that business schools who regularly look for case studies of CEOs who are faced with turning their companies around should consider a new case study: Jorge Bergoglio, the man who has rebranded RC Global in barely a year. The article makes the point that Bergoglio, otherwise known as Pope Francis, has made a significant impact on the Roman Catholic Church and how it is viewed by both members and outsiders alike and suggests that CEOs might well look to the pope's example for how to achieve transformation in their companies.

Editorial

General André Cox has sounded a clear call for accountability. In the May-June 2014 issue of *The Officer* magazine, his article, "Authority and Accountability", makes it crystal clear that the Army has a problem, and he is adamant that it will be addressed. An international conference of territorial and command leaders in July 2014 will include key discussions on the subjects of accountability, transparency, governance and corruption. The article should be read and re-read, clipped and saved, perhaps even framed, by every leader in The Salvation Army. In this space, we can only quote a few of his key statements.

"Corruption is a significant issue that is faced both inside

Did You Know?

and outside the Army. It is sad to say but we are not exempt from moral issues, corruption and mismanagement of finances”

“The Salvation Army should be above reproach in the way that we deal with people, in the way that we handle our finances, and in transparency and accountability.”

“While the proclamation of the gospel message must be central to everything that we do, we cannot escape the fact that The Salvation Army is also a huge enterprise which requires good management, accountability and transparency in all of its business dealings.”

To which we can only say, “Amen”. May we all aim for the high ideals espoused by the General as we serve God through The Salvation Army’s mission to others.

With this issue, we conclude the fourth volume of **Money & Mission**. Watch for Volume Five commencing in October of this year. And please remember that we love to hear from our readers, particularly on topics you would like to see covered.

Charity Corner

Donating Funds to Another Charity

Periodically, we are asked whether a Salvation Army corps or social institution can make a donation to another Salvation Army unit or, in some cases, to another organization

The percentage of Canadians who claimed a charitable donation on their income tax forms has fallen steadily from 30% in 1990 to 23% in 2011.

QUOTES WORTH REPEATING

“The confusion between inputs and outputs stems from one of the primary differences between business and the social sectors. In business, money is both an input (a resource for achieving greatness) and an output (a measure of greatness). In the social sectors, money is only an input, and not a measure of greatness.” –Jim Collins

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.

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altogether. While there are circumstances when this is possible under the law, they are limited and great care should be taken to ensure that any proposed donation or transfer is appropriate.

Every dollar that is received by a charity, either from a donor or through other fundraising initiatives becomes charitable property under the law, and must be used in most cases for the charitable purposes of the charity in question. This general rule would suggest that it is never appropriate to transfer funds to other charities, but there are limited circumstances when it is possible to do so.

For example, a charity can make a transfer of funds to another charity if they have been received for a purpose that the charity is unable to fulfil. Let's say a donor specifies that her gift is to be used to help children in northern Canada, but the charity in question has no work in that area. Ideally, the charity would refuse the gift, but there are circumstances where it would be difficult or impossible to do this, such as when an anonymous donor has already provided the funds. In these cases, it would be appropriate for the charity to transfer the funds to another charitable

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organization that does carry out work with children in northern Canada. It is important to note that the other organization must also be a registered charity.

Another exception is when funds are raised specifically to be transferred to another charity and this fact is known to donors up front. This covers situations such as when corps members contribute to the Self-Denial Appeal or other fundraising endeavors in full knowledge that their contribution will not be used in the local corps, but passed on for use to another part of the Army.

But, what about the corps finance committee making a donation to another corps that is experiencing financial difficulty? Generally, whether this is permissible depends on several factors.

The general rule of funds having to be used for your own purposes applies, but Salvation Army charities maintain a special relationship to one another as “associated charities” under the law which makes the transfer possible.

The corps normally cannot transfer funds from general corps revenues because of the implied donor restriction that they be used for that corps.

Likewise, the corps cannot transfer

funds from family services because those funds are typically restricted for family and community services programming. A corps could transfer funds from thrift store profits to another Salvation Army charity. However, if the thrift store makes it known that profits are retained in the local community, funds could only be transferred to another Army unit located in the same community.

The bottom line is that care has to be taken in any situation in which a transfer of funds is being considered. The finance department and your DHQ business department staff are available to help you determine whether a proposed transfer is in order.

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