



## this issue

Editorial 1

Charity Corner 1

Did You Know 1

Accounting & Financial Reporting Focus 2

In The News 2

Policy Perspective 2

## Did You Know?

At its March 2013 meeting, the Territorial Financial Secretary, R. Paul Goodyear made a presentation to the Historical Society on *The Evolution of Finance in The Salvation Army: An Historical Perspective*. His presentation traced the history of the Army's approach to financial management from its early days, with a particular focus on Canada, and highlighted some of the personalities who have provided financial leadership.

## Editorial

### Innovation

I have just returned from a pension investment conference. I know . . . not the most interesting type of conference to attend. Critically important, however, if the Army's investments, particularly those held for funding pension benefits, are to be successfully managed. I always come away from these types of events with food for thought, and this was no exception.

Several speakers talked about innovation, about finding innovative companies to invest in, about how innovation will help the global economy flourish, about how innovation takes time to be successful. One speaker referred to the discovery of DNA in the 1950s. Even today, sixty years later, only about 30,000 people around the world have had their DNA tested. Yet there is little doubt that this discovery holds tremendous potential for humankind.

One of the goals in the territorial headquarters' strategic plan is to "create a culture of innovation". What does

this mean? For me, it entails looking at problems and issues with a blank page, dreaming of what could be, rather than what is, and being future oriented. It's about letting go of the baggage of worn-out ideas in order to pursue new things.

The Oxford dictionary states that innovation means to bring in change. Merriam Webster defines it as the introduction of something new, a new idea, method or device. I like the latter. Innovation is not simply about change for the sake of change; it's about pursuing new ideas that will take us into the future.

What will the ministry of The Salvation Army look like in 2030? How will our transforming influence be brought to bear on Canadian life then? What innovation today is required to serve us well twenty or thirty years from now?

I encourage you to think about these questions and what we will all need to do to "create a culture of innovation".

## Charity Corner

### First Time Donor's Super Credit

The 2013 federal budget introduces a super credit for first-time donors to charity that will be in place for the 2013 to 2017 taxation years. Any donor who has not made a donation to charity since 2007 will be eligible to claim a higher non-refundable tax credit than would otherwise be available.

Currently, the tax credit is 15% for total donations up to the first \$200, and 29% for any amounts over \$200. Under the new rules, a first-time donor will still be able

to claim the existing credits, as well as another 25% of all donations up to \$500, made after March 20, 2013.

For example, a first-time donor who makes a gift of \$100 to a charity will be entitled to a credit of \$40 (i.e. \$100 x 15%, plus \$100 x 25%). A first-time donor who makes a gift of \$1,000 will be entitled to a credit of \$387 (i.e. \$200 x 15%, plus \$800 x 29%, plus \$500 x 25%).

It is hoped that this credit will encourage more Canadians to start donating to charity, particularly younger Canadians who may not yet have developed the habit.

# Accounting & Financial Reporting Focus

## Goodbye to the cheque!

The finance department is taking steps to eliminate its use of cheques. Ministry units that are clients of our regional accounting services will hear more about this in the days to come. It will take some time to reach the point where we can say a final goodbye, but we thought it would be useful to articulate the reasons why that is our goal.

- \* EFT payments can be made more quickly, resulting in greater efficiency.
- \* Bank processing costs are reduced.
- \* The number of overdue accounts is reduced, thereby minimizing interest costs.
- \* Costs of cheques, postage stamps and envelopes are eliminated.
- \* Administrative costs are reduced (e.g. stuffing envelopes, handling returned cheques)
- \* Payments by electronic funds transfer ("EFT") are more secure than cheques, resulting in less fraud.

## In The News

*New Assistant Financial Secretary named* --- It has been announced that Lt. Colonel Neil Watt, presently serving as Territorial Secretary for Business Administration ("TSBA"), has been appointed as Assistant Financial Secretary, effective July 2013. The colonel will end 10 years as TSBA, making him the longest-serving TSBA in the territory since the position was introduced in 1986. With a year remaining to retirement, Lt. Colonel Watt will serve as a senior advisor to the Financial Secretary and collaborate on a number of strategic initiatives that are underway. The finance department is honoured to have the colonel join us and to have the benefit of his expertise during the next year.

*New accounting for employee future benefits* --- The Accounting Standards Board has announced that it will issue a new standard for accounting for employee future benefits for not-for-profit organizations, effective in 2014. An exposure draft is expected in mid-2013. The finance department is monitoring this development.

## Policy Perspective

### The Principle of Self-support

Being self-supporting to the greatest degree possible has always been a basic premise of Salvation Army operations. It is recognized that community and social services programs require donations and government funding to supplement any resources raised from participants,

Congregational activities, on the other hand, are expected to be self-supporting. The Salvation Army in Canada and Bermuda defines a congregation as self-supporting if it does not require any funding from DHQ or THQ other than that which can be justified by the demonstrable community and social services programs it operates.

At present, 224 of 307 corps congregations (73%) in Canada and Bermuda are self-supporting; however, it has been five years since this number has increased.

We acknowledge that some corps may never be completely self-supporting. The communities they serve are such that it would be unrealistic to expect their members to completely finance the operating costs of the congregation without help. But these congregations should do all that they can.

At the same time, other congregations with a wealthier base of members should be able to cover not only their own costs, but share the burden for other congregations that are less well off financially.

Where does your congregation stand? Is it self-supporting? Why not? Can it be? Are you doing better this year than last year? Should your congregation be helping another that is financially challenged? These are questions that the leaders of every congregation should consider.



Giving Hope Today

### Money & Mission

A publication of the Finance Department, The Salvation Army Canada & Bermuda

Issue 14, Volume III,

April 17, 2013

### 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).

### Subscription

To subscribe, send us an e-mail with the subject line "Subscribe". To unsubscribe, send us an e-mail with the subject line "Unsubscribe". We'll be sorry to see you go, but we'll promptly take you off our mailing list. Send your request to:

[Money&Mission@can.salvationarmy.org](mailto:Money&Mission@can.salvationarmy.org).

### Editorial Team

**Managing Editor:**

*R. Paul Goodyear*

**Senior Editor:**

*Patricia Dunbar*

**Design Editor & Production Manager:**

*Angela Robertson*

**French Translator:**

*Serge Careau*

**Other contributors to this issue:**

*Wanda Dillon*

### Finance Department Offices

2 Overlea Blvd  
Toronto, ON M4H 1P4  
(416) 425.2111 ext. 2237

116 - 276 Midpark Way SE  
Calgary AB T2X 1J6  
(403) 201.9223

884 - 167 Lombard Ave  
Winnipeg MB R3B 0T6  
(204) 975.0735

1655 Richardson St  
Montréal QC H3K 3J7  
(514) 288.2848

101 - 85 Thorburn Rd  
St. John's NL A1B 3M2  
(709) 579.3919