

Money & Mission



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Did You Know?

The finance department processed over 190,000 accounts payable transactions in fiscal 2010? Staff issued 23,000 accounts receivable notices, 11,000 T4s and generated 1.8 million general ledger transactions.

Editorial

Is your ministry financially viable? How much does your ministry rely on grants to support its operations? The average ministry unit in Canada depends on DHQ for grants to fund 10% of its budget. However, this average masks quite a range. 25% of units receive no funding whatsoever. If your ministry is in this category, you deserve an award. You truly understand the Army's principle of self-sufficiency. Another 53% of ministry units receive funding of 25% or less. These units are able to fund most of their budgets on their own, relying on supplements from DHQ to a relatively small degree.

That leaves 22% who are dependent on DHQ for grants ranging from 26% to 100% of their budgets. The Army's financial structure means that DHQ's

can really only afford to top up funding that ministry units raise from other sources. When DHQ's do more than top up for some ministries, it leaves less for others.

Any unit that relies on DHQ to fund more than 25% of its operations is financially vulnerable. The higher the percentage of your budget funded by DHQ, the more financially vulnerable you are.

DHQs should seriously question their ability to sustain funding of greater than 25% to any ministry unit. Ministry units who are financially vulnerable need to take a hard look at finding other sources of income or rationalizing operations to reduce their dependence on DHQ.

Charitable Receipts

With the tax season fast approaching, this article provides important reminders about our responsibilities when issuing charitable receipts. Here is a list of items that must be included in official receipts issued to donors for income tax purposes:

1. a statement that it is an official receipt for income tax purposes
2. name and address of the charity as it is filed with the Canada Revenue Agency
3. charity's registration number
4. serial number of the receipt
5. place or locality where the receipt was issued
6. day or year donation was received
7. day on which the receipt was issued, if it differs from the day of donation
8. full name, including middle initial, and address of the donor
9. amount of the gift
10. signature of an individual authorized by the charity to acknowledge donations
11. name and Web site address of the Canada Revenue Agency - www.cra.gc.ca/charities.

For non-cash gifts (gifts in kind), in addition to the above, remember to include these additional elements:

12. day on which the donation was received (if not already indicated)
13. a brief description of the property transferred to the charity and
14. name and address of the appraiser (if property was appraised).

If the value of a gift in kind is \$1,000 or more, it always requires an independent appraisal, signed by an objective third party who is qualified to appraise the item's value. A gift in kind also requires an independent appraisal if there is no one on the charity's staff qualified to value it appropriately, even if the value is below \$1,000.

For more information, please refer to Operating Policy 4602 and section 103 of the Territorial Finance Manual.

Be Ready For Year-End

In five weeks the 2010/11 fiscal year will close and the year-end process will start in earnest. Here are a number of things that you should do now so that you are ready for year-end.

1. Review your balance sheet to ensure that there are appropriate account reconciliations for each account. This includes your bank account, accounts receivable and payable, control accounts, miscellaneous payable and receivable accounts and any suspense accounts.
2. Ensure that your general deposit account, capital deposit account and property maintenance account agree with territorial and divisional records and that the capital deposit account and property maintenance account agree with the designated fund balance.
3. Confirm that your chart of accounts complies with the territorial standard.
4. Ensure that department numbers comply with the standard i.e. all operating departments range from 200 to 899 and all restricted departments fall between 900 and 999.
5. Verify that government funding income is recorded in the account range 611700 to 611799.
6. Make sure that the following expenses are classed within the correct account ranges: personnel; general operating; program; equipment and property; and grant expenses.
7. Ensure that intercompany transactions with DHQ are recorded in the correct accounts and with the correct balances. Examples include Red Shield income and Officer Benefit Plan Levy expenses.
8. Make sure that you are not postings directly to fund balance accounts.
9. Maintain a file that contains **ALL** signed funding and lease agreements, including any subsequent revisions.
10. Ensure that all accounting records and supporting documentation (bank statements, invoices, receipts, audit reports, etc.) are organized and filed at all times. If questions arise as part of your audit or the consolidation audit, you should be able to access the information easily and quickly.

For further information, refer to the document *TERRITORIAL CONSOLIDATION YEAR END PROCESS - March 31, 2011* which we recently sent to all ministry units.

Who's Who

LT-COLONEL NEIL WATT is the territorial secretary for business administration. A native of Montreal, the colonel became an officer in 1977. He has served in a variety of corps and administrative appointments at both territorial and divisional headquarters. In 2000, he was appointed as property secretary and assumed his present role in 2003. Lt.-Colonel Watt oversees all business functions at territorial headquarters, including finance, property, public relations, supplies & purchasing, national recycling operations and information technology.



Lt.-Colonel Neil Watt
Secretary for Business Administration

Year-End Timelines

We recently sent a document to all ministry units describing the year end process and critical dates. With March 2011 heralding the first year that consolidated statements will be issued for the territory, we need your help to ensure a smooth process, with no deviations from the timeline. Please ensure that your bookkeeper or accountant has read the document entitled *Year End Process - March 31, 2011* and that processes are in place to meet the deadlines. Consolidation is a significant undertaking which will require the cooperation and dedication of leaders and accounting staff throughout the territory. If you have not received the year end document, you can obtain a copy at the following link: <http://salvationist.ca/departments/finance/consolidated-statements/>

Thank you for your support in making this project successful.

The key dates for the fiscal year ending March 31, 2011 are listed below:

Date	Task
February 10	Document sent by THQ re Year End process and timetable
March 25 - 31	No cheques issued to related parties (THQ, DHQ, NRO, other MU's)
April 1 - 21	Accounts reconciled, accruals calculated and recorded, GL reviewed
April 07	THQ Loan statements sent to ministry units
April 11	THQ AR balances sent to ministry units
April 14	Preliminary deposit account statements sent to ministry units
April 18	March MSA calculation completed and communicated to ministry units
April 19	Final deposit account statements sent to ministry units
* April 21	G/L closed by audited units
* April 29	Draft financial statements and notes ready for audit
* May 02	Audits commence
May 13	G/L closed by non-audited units
* May 27	Audits completed
* May 31	Financial statements distributed
* June 02	Audit adjustments posted to Shelby

*these dates apply to ministry units that are externally audited only



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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:
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