

Money & Mission



this issue

Editorial 1

Did You Know 1

Operating As A Charity 1

Accounting 2

In the News 2

Financial Management 2

Finance Department - Key Dates 3

Editorial

ACCOUNTABILITY

Everyone's talking about it. Everyone thinks someone should be accountable, particularly leaders in the public realm. Everyone agrees that it's an important issue that will make us better . . . as individuals, as an organization, as a society. The irony is that few of us like to be held accountable ourselves.

Yet, as stewards of resources that are entrusted to us for mission, it is absolutely essential that we hold

each other accountable for our actions and expenditures. It may sometimes be uncomfortable to do so, but it is necessary nevertheless. And it will make us a stronger, more transparent organization.

Hopefully, the new staff expense policy and guidelines for those who approve expenditures (see article in this issue) will help us overcome any discomfort and come to terms with a new level of accountability for our decisions.

Did You Know?

The Army had 4,220 full-time staff members in 2010. Their average salary was \$33,000. Only 39 staff had salaries above \$100,000. Given the size and scope of the Army's operations, maintaining compensation at a reasonable level helps to keep administrative and fundraising costs low and to maximize the amount spent on programs and services.

Operating As A Charity

CHARITABLE GIFT VERSUS PRIVATE BENEVOLENCE

Do you understand the difference between a charitable gift and private benevolence? If you are responsible for issuing official tax receipts, it is critical that you understand the difference. It is significant since charitable gifts are eligible for official tax receipts while gifts of private benevolence are **not** eligible.

In order to receive an official tax receipt, a donor cannot choose the beneficiaries of his or her gift. It is acceptable for a donor to direct that the gift be used in a particular program operated by the charity. Similarly, a donor may specify that the gift be used to help a particular type of client (e.g. families with children).

It is not acceptable for a donor to name a particular individual who is to receive assistance because of the donation. In this case, the donor is not making a charitable gift, but a gesture of private benevolence and is simply using the charity as a conduit.

The following are some examples of private benevolence:

- (1) A corps congregation takes up a love offering for a missionary who speaks at a Sunday meeting.
- (2) A donor wants to assist a family whose house and possessions have been lost to a fire.
- (3) A donor wants to pay camp fees on behalf of a needy relative or friend who is attending a summer camp.

In all of these situations, the contributions are for the benefit of a specific person or persons whom the donors had previously chosen and are deemed to represent private benevolence. As a result, official tax receipts cannot be issued.

For more information, please see Section 0103 in the Territorial Finance Manual.

Accounting

YEAR-END PLANNING

It is hard to believe but the countdown to year-end has begun. Now is a good time to start thinking and planning for a successful year-end close. In fact, there are a number of things you can do now that will save time later.

- Review the general ledger in detail, noting any errors so that they can be corrected prior to year-end.
- Ensure all bank reconciliations are up to date, write off any stale dated cheques (i.e. six months or older that have not been cashed) and record any permanent adjustments.
- Ensure your accounts payable and receivable sub-ledgers are balanced to the control accounts.
- Confirm any petty cash or advance amounts to ensure that they are correct, and make an effort to collect any amounts that are due.
- Review any suspense or clearing accounts with the goal of clearing them by year-end. If any amounts remain receivable or payable at year-end, make an entry to move them to an appropriate account so that they are reflected correctly on your financial statements.
- Review prepaid expense accounts to ensure that only amounts meeting the definition of an asset appear in the balance.
- Ensure that your depreciation or amortization entries are up to date for any furniture or equipment that has been capitalized. While you're at it, review your expenses to ensure that any items valued at \$5,000 or more acquired during the year have been capitalized, rather than expensed.
- Review deferred revenue and contributions accounts to ensure that appropriate amounts have been recognized as income in the current year.

Taking these steps now will reduce the amount of work you have to do later and will make your year-end closing more efficient.

In the News

MAJORITY OF CANADIANS HAVE NO GIVING STRATEGY --- A recent study of Canadians by BMO Harris Private Banking found that more than 54% do not have a strategy when donating, and, instead, give on an ad hoc basis. The study also found that, in the year ahead, 71% plan to donate the same amount or more compared to last year. (Source: CharityVillage)

CANADIANS GENEROUS IN LIFE, BUT NOT IN DEATH --- Canadians are generous; 88% state that they donate to charity and 78% indicates that they would likely donate some of an unexpected windfall. However, only 10% are planning to leave money to a charity as part of their estates. (Source: CharityVillage)

Financial Management

NEW EXPENDITURE POLICIES ISSUED BY THQ

In December 2011, the Territorial Finance Council approved two new policy documents designed to improve accountability for expenditures across the organization. The staff expense policy brings together existing and new rules regarding the expenses that employees and officers can incur on behalf of the organization. This is the first time that all of these rules have been compiled in a single document, which will provide a comprehensive resource for staff. The policy will be incorporated in the territorial operating policy manual. Over time, we expect to eliminate a number of other policies which overlap. The policy will also be posted on the Army's website which will allow us to be fully transparent about the rules for claiming expenses.

The second policy contains guidelines for individuals at any level of the organization who are responsibility for authorizing expenditures. It creates a framework within which expenses should be approved, provides guidance to approvers about how to handle a variety of situations and clarifies the difference between expenditure authority and payment authority.

If you have not seen these two policies yet, check the Lotus Notes Notice Board, the Army's websites or contact the finance department.



Giving Hope Today

Money & Mission

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

**Issue 7, Volume II,
January 11, 2012**

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.

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.

Editorial Team

Managing Editor: Paul Goodyear

Senior Editor: Patricia Dunbar

Layout Editor: Angela Robertson

Production Manager: Angela Robertson

Contributors: Arnold Adey

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

2012 Finance Calendar – Key Dates

Date	Description	Responsibility
13-Jan	TX1 forms due in payroll	All Officers & Employees with PHH vehicle
15-Jan	Home Missions payments due at THQ	Divisions/RACs
23-Jan	Final divisional Statements of Resources for fiscal 2012/13 issued to divisional commanders.	Finance Dept.
27-Jan	Target date to complete 2011 charitable receipts	All units issuing charitable receipts
31-Jan	MU Budgets due at DHQ (actual date varies by division)	Ministry Units
17-Feb	All THQ/DHQ budgets due to be received in the finance department.	THQ departments and DHQ
29-Feb	Deadline for issuance of T4s	All payroll offices
14-Mar	Presentation of budget proposals to the Territorial Finance Council	Finance Dept.
03-Apr	Date for receipt of all deposit summary forms in the finance dept. (by facsimile or scan)	Ministry Units
05-Apr	Date for receipt of all capital campaign expenses in the finance department	Ministry Units
05-Apr	Deadline for receipt of invoicing requests in the finance department pertaining to 2011/12.	All Units
13-Apr	Deadline for receipt of 2011/12 AP invoices in the finance department	All Units
13-Apr	Date for issuance of preliminary deposit account reports	Finance Dept.
16-Apr	Deadline for any AP accruals to be received in finance department	All Units
18-Apr	Preliminary MSA calculation for March, 2011	Finance Dept.
18-Apr	Date for issuance of final PMA reports to ministry units	Finance Dept.
18-Apr	Date for issuance of final deposit account reports	Finance Dept.
20-Apr	Date for GL close of 2010/11 GL for audited MU and DHQ	Finance Dept. /Ministry Units
20-Apr	Date for closing THQ general ledger	Finance Dept.
30-Apr	DHQ audits commence	Finance Dept. / Divisions
30-Apr	Ministry unit audits commence	Finance Dept. / Ministry Units
04-May	DHQ audit completion date	Divisions/RACs
04-May	Final GL close for unaudited ministry units performing local accounting	Ministry Units
07-May	THQ audit commences	Finance Dept.
25-May	Distribution of audited MU statements	Finance Dept. /Ministry Units
25-May	THQ audit completion date	Finance Dept.
28-Jun	Final MSA calculation for 2011/12. To be charged to fiscal year 2012/13	Finance Dept.
28-Jun	Approval of consolidated FS by TFC	Finance Dept.
18-Jul	All Partners in Mission income recorded on ministry unit records for income received to the end of June.	Ministry Units
20-Jul	Partners in Mission funds to be transferred to THQ via electronic transfer	Finance Dept
30-Sep	Date that T3010s must be submitted to CRA	Divisions
15-Nov	Preliminary divisional Statement of Resources issued	Finance Dept.
04-Dec	All Partners in Mission income recorded on ministry units records for income received to the end of June.	Finance Dept.
31-Dec	All Partners in Mission income recorded on ministry units records for income received to the end of June.	Ministry Units