

Money & Mission



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Did You Know?

There are over 85,000 registered charities in Canada. Almost 40% are religious organizations. The Canada Revenue Agency receives 3,600 new applications for charitable registration each year.

Editorial

Thank you . . . If you're involved in the Army's financial management, you play an important, but often unacknowledged, role in the delivery of our programs and services.

What you do ensures that the Army can report on its use of the resources entrusted to us. What you do ensures that donations are used in accordance with our donors' wishes. What you do helps the corps officer to spend less time in his office and more time ministering to his people. What you do allows a front

line worker to offer a cup of hot soup and a word of comfort to someone in need.

What you do, day after day, without fanfare or hoopla, keeps the Army going. Every invoice you process for payment, every deposit you make, every account you reconcile, every report you prepare means that the Army's business of giving hope to the hopeless continues.

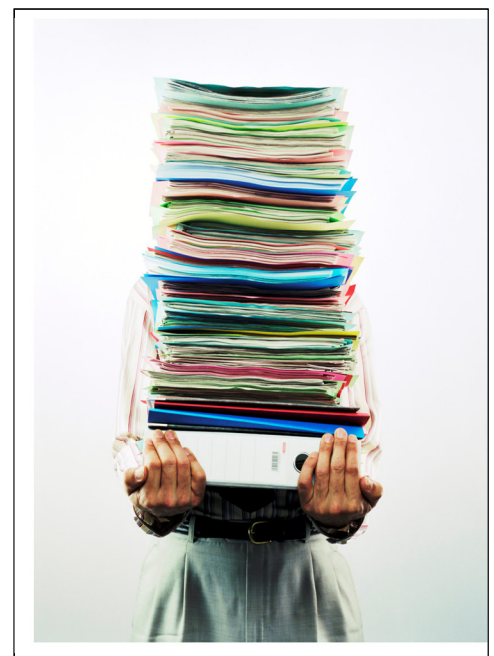
Thank you on behalf of a grateful Salvation Army.

Consolidation Update

The year-end closing and preparation of consolidation financial statements is now well underway. THQ, DHQs, and ministry units that are externally audited closed their books on April 21. Other ministry units are due to close their books by the end of this week on May 13.

Once these books are closed, staff in our financial reporting group will commence the task of consolidating the results of over 500 entities, preparing adjustments to eliminate inter-entity receivables, payables, revenue and expenses, and drafting the consolidated financial statements.

If you work in a ministry unit that has not yet closed its books, or will not be able to do so by May 13, please contact David Dunstan, director of financial reporting (david_dunstan@can.salvationarmy.org) or Laura Jordan, assistant director (laura_jordan@can.salvationarmy.org).



Lending Your Charitable Status

Periodically, we become aware of a situation in which a charity has, quite unwittingly, lent its charitable status to another organization. By doing so, it can put its own charitable status at risk.

When a registered charity receives donations, they become charitable funds and must be used for charitable purposes. Generally, this means that the charity must either use the funds for its own charitable programs and services or, if unable to do this, transfer the funds to another registered charity that can do so.

What a charity is not permitted to do is transfer charitable funds to an organization that does not have charitable status.

The following is a real case we encountered. A ministry unit was involved in a community appeal for donations to aid local food banks, one of which was operated by The Salvation Army. A community group received the donations, and distributed funds to the food banks. Since The Salvation Army had registered charity status, it was agreed that the ministry unit would issue the tax receipts for donations.

In essence, the ministry unit loaned its charitable status to the community group which was not a registered charity, and to one or more of the food banks which were also not registered charities.

It does not matter that it was a worthy project. The community group and the food banks were legitimate organizations comprised of well-meaning people who wanted to do something beneficial for the poor in their community. You simply cannot find fault with their intentions.

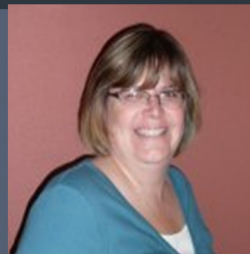
However, the way in which they handled receipts put them at odds with the Income Tax Act and the Canada Revenue Agency.

Collaboration with other community groups can be a valuable way of providing programs and services; however, when entering into these ventures, you must be careful to avoid putting your charitable status at risk.

If you are thinking of a joint venture with another organization, be sure to consult the finance department beforehand so that we can help you set it up in the right way!

Who's Who

SHELLEY HAWKINS is a payroll accountant in the Toronto office of the finance department. The longest serving member of the department, Shelley joined the finance team in 1981 as an administrative assistant. Since then, she has held a variety of technical and administrative positions in both the accounting and payroll groups. In December of this year, she will celebrate the 30th anniversary of her employment in the finance department. Congratulations, Shelley!



Shelley Hawkins
Payroll Accountant

Top Financial Issues Found in Internal Audits

The following are the top financial management issues found in audits completed by THQ's internal audit group during fiscal 2010.

1. Official tax receipts do not meet CRA requirements.
2. Account reconciliations are not completed or are inadequate.
3. Cash is not deposited in a timely manner.
4. Cash in the safe is not adequately secured and/or segregated.
5. Transactions are not posted to the general ledger.
6. Transactions are posted incorrectly to the general ledger.
7. Expenses are not adequately supported by documentation.
8. Expenses are either not approved or there is no evidence of approval.
9. Payroll registers are not reviewed or there is no evidence of review.

Would an internal audit report of your ministry unit find the same issues? Take the time to review your practices to ensure that you meet Army policy and the requirements of external bodies.



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A publication of the Finance Department,
The Salvation Army Canada & Bermuda
Issue 15, May 11, 2011

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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