

Money & Mission



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Did You Know?

The total cost of corps congregational activities was \$45.6 million across the territory in fiscal 2011. 75% of corps are self-supporting (requiring no funding for congregational activities from THQ or DHQ), compared to 64% just five years ago. This represents an increase from 207 to 229 self-supporting corps in five years.

Editorial

My colleagues and I are busy reviewing budget proposals for the next fiscal year. You can tell a lot from a budget. Things like how important people think the budget is, whether it really reflects the quantification of their plans and priorities for the year, what's important to them, how much effort has gone into the budget, whether the task is being taken seriously or if it has been undertaken simply to appease headquarters.

If you approach the budget as a key management tool for effective decision making, it can be of significant help in the often complex task of making optimal resource allocations in a world in which resources are limited or constrained.

It is frustrating to hear people talk about their priorities for mission advancement only to discover that their budgets have not provided any resources to accomplish their objectives. That's like believing your car will take to your destination without filling it with gasoline.

Don't tell me what's important to you . . . just show me how you spend your time and money. That will tell me how serious you are about your priorities. Ask yourself if your plans for the year ahead are reflected in your budget. If not, what are you going to do about it?

Financial Reporting

YEAR END AUDIT – EMPLOYEE RECORDS

As part of the year end audit process, you may be asked to provide information from employee records. This is used to support payroll and vacation accrual testing. We will be selecting a sample of employees for whom we will require the following:

- The individual's original hire letter, indicating original date of employment and other employment details.
- Employee change forms indicating change in rate of pay or employment status.
- Other documentation relating to any change in the individual's employment details.
- Documents regarding the termination of an individual's employment, if applicable.

Start reviewing employee files now to ensure that the appropriate documentation is on hand. In cases where documents are not readily available, it will be acceptable to supply a letter, written to the attention of the employee, which contains the applicable employment details. The letter must be signed by both the manager and the employee.

For more information, please see the Employee Relations Policies and Procedures Manual or contact the director at one of the finance department's regional offices..

Operating As A Charity

COMMON ISSUES & ERRORS WITH TAX RECEIPTS

At the start of a new year, we must remember that all donations actually received in 2012 must be acknowledged with a 2012 receipt, even if the cheque was dated 2011. The only exception to this is if the donation was mailed in 2011 and it is post-marked no later than December 31, 2011.

The date a donation is deposited does not affect the date of the receipt. For example, if you received a donation on December 30, 2011, but didn't deposit it until January 3, 2012, you would still issue a tax receipt for 2011. A word of caution, however, about cash donations received just prior to or just after December 31. Since generally there is no third-party or independent proof of when the gift was received, you must ensure that you have adequate internal records to support the date of the tax receipt (such as a receipts log signed by two people).

Here are some other common receipting errors to watch for at any time of the year.

Gifts in kind donations of time or services – To be eligible for a charitable receipt, a gift must be an exchange of actual physical (i.e. tangible) property, such as cash, equipment, or supplies. For example, "time" donated by an electrician or a lawyer cannot be receipted, as there is no exchange of physical property.

Court-ordered donations – Gifts must be voluntary to be eligible for an official receipt. Court-ordered donations are not made of the donor's own free will and, therefore, cannot be acknowledged with an official tax receipt.

Donations directed outside of Canada – Although eligible for official tax receipts, gifts to fund charitable activities outside of Canada, such as child sponsorships, disaster responses, missions trips etc., must be receipted by territorial headquarters. The only exception to this is gifts received for the Partners in Mission Appeal, which can be receipted by the local ministry unit (See Operating Policy 4018).

Donations directed to a specific individual or family – A charity may not issue an official receipt for income tax purposes if the donor has directed the charity to give the funds to a specific person or family. It is acceptable for the donor to direct that the gift be used in a particular program operated by the charity, provided that no benefit accrues to the donor, the directed gift does not benefit any person not dealing at arm's length with the donor and it is the charity that decides how the gift is to be used within a program.

Donations received from other charities – Official tax receipts should never be given to another charity, even if that charity insists on receiving one.



Giving Hope Today

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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:

Money&Mission@can.salvationarmy.org.

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In the News

SCHOLARSHIPS FOR SALVATIONISTS --- Booth University College has announced several new scholarships, including one for Salvationist students that will significantly reduce the cost of their first year of studies.

COST OF RESIGNATIONS --- The Philanthropist reports that the estimated financial loss to an organization of one person leaving is equivalent to that person's annual salary.

Financial Management

STAFF EXPENSE POLICY

In January, THQ issued an omnibus staff expense policy (Operating Policy 3409) that will have a significant impact on financial management in the territory in the days to come. In this issue, we highlight the rationale for the policy.

Our intent was two-fold. First, the policy provides clarity on a number of expenses for which there was no written policy and where there were differences in approaches across the territory. An example of this is the reimbursement of car washes and automobile detailing for individuals driving Salvation Army leased vehicles. The policy now makes it clear that basic washes are reimbursable up to a maximum of every two weeks, while expenses for detailing are not reimbursable under any circumstances.

Second, the policy will capture most of the issues relating to reimbursable expenses in one document while creating a framework tying the expense policy to the key principles that guide our expenditures, namely, stewardship, integrity, moderation, and accountability.

In future issues, we'll unpack the policy more, but, in the meantime, we urge all Salvation Army officers and employees to read the policy and to become familiar with the new rules that govern reimbursable expenses.