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Did You Know?

The Shelby accounting system has been in use in Canada since 1992. The system was introduced on a pilot basis at three corps in what was then the Metro Toronto Division before being adopted as the computerized accounting system for corps. By 1995, 78 corps were using the system, and it was approved for divisional headquarters accounting. By 1999, 240 ministry units, including some social services centres, had implemented the system. In 2006, the Shelby system was mandated for all ministry units, other than those for whom a different system is required due to government regulations. As a result, the system is in use in all but a handful of units today.

Editorial

Don't tell me . . . show me.

Don't tell me about holiness. Don't proclaim your love for God. Don't insist how much you care about the poor and needy.

Show me . . .

Show me your budget, and I'll know everything I need to know about whether you're committed to mission or to maintenance.

Show me your cheque book, and I'll know

everything I need to know about whether you're totally committed to God in the way you use your resources, or whether the acid rain of materialism is endangering your spiritual health.

Show me your expense reports, and I'll know whether you treat the Army's money like its God's or yours.

I don't need to hear your testimony. Your stewardship of the resources placed at your disposal will tell me all I need to know.

Accounting for Leases

The first step in accounting for leases is to determine whether your lease is capital or operating.

Capital leases are those which meet at least one of the following tests:

- The lease term is greater than 75% of the asset's useful life.
- The lease contains an option to purchase the asset for less than fair market value.
- The lease assumes the transfer of ownership of the asset to the lessee at the end of the lease term.
- The present value of the lease payments exceeds 90% of the fair market value of the asset.



If a lease meets the definition of a capital lease, you must record the asset and the liability created by the lease contract on your balance sheet. If you think you have a capital lease, please contact the finance department for advice on how to properly account for it.

If a lease does not meet the definition of a capital lease, it is an operating lease and is not recorded on your balance sheet. The lease payment is expensed. In most cases, this will represent a monthly entry when the lease payment is made. You must also disclose operating leases in your financial statements by a note describing expected lease payments that you are obligated to make in future years.

For further information, see the finance department's consolidation preparation guide #1 at http://salvationist.ca/docs/finance/Consolidation_MU_Prep_Guide_Part1.pdf

Obligations of a Registered Charity – Activities Outside Canada

The territory has issued a new policy on funding work outside of Canada to help ensure that our practices are fully in compliance with the Canada Revenue Agency (“CRA”). Although there have been no significant changes to the law on how a Canadian charity may spend funds overseas, there has been increased focus on this issue in recent days. Charities can expect the CRA to pay more attention to their overseas funding in the days to come. As a result, our new policy is more stringent about funding work outside Canada. Finance personnel need to be more aware of the following key changes:

- **All funds must be channeled through THQ.** No Salvation Army unit may directly or indirectly allocate funds overseas (whether donation receipts have been issued or not) nor can Salvation Army funds be given directly to reinforcement or international personnel who are visiting Canada.
- **All official receipts** (other than for the Partners in Mission Appeal) **must be issued by territorial headquarters.**

For more information, see Operating Policy 4018 or contact the director of world missions at territorial headquarters.

Who’s Who

WANDA DILLON is director of accounting in the St John’s office of the finance department. She and her team provide accounting services to over 120 ministry units in New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island and Bermuda. A certified management accountant, Wanda hails from Triton, Newfoundland, but now makes her home in St John’s along with her husband and two teenaged sons. She joined the finance department in 2001 as assistant director, was later promoted to associate director, and assumed her current role in 2006.



Wanda Dillon
Director of Accounting
St John's Office

Mark Your Calendars for These Consolidation Webinars

We are hosting two webinars for ministry unit personnel to clarify issues and help prepare you for year-end and external audits. All you need is a computer and access to the internet. Both sessions are limited to 100 people, so sign up today!

Ministry units that **are** audited by KPMG

March 31, 2011 – 11:00 a.m. (Eastern)

OR

Ministry units that **are not** audited by KPMG

March 31, 2011 – 1:00 p.m. (Eastern)

To register, follow the instructions posted on <http://salvationist.ca/departments/finance/finance-news/>



System Requirements:

PC-based attendees: Windows® 7, Vista, XP or 2003 Server

Macintosh®-based attendees: Mac OS® X 10.4.11 (Tiger®) or newer

No headset or microphone is required. You will just need speakers to hear the presentation.



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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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