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Money & Mission

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Editorial

If a group includes women, its collective intelligence rises. This is the conclusion of a research study recently reported in the Harvard Business Review. Researchers found that there is little correlation between a group's collective intelligence and the IQs of its individual members, unless women are included on the team.

In the study, subjects aged 18 to 60 were given standard intelligence tests and then randomly assigned to teams. Each team was asked to complete several tasks, including brainstorming, decision making, visual puzzles and solving a complex problem. Teams were given intelligence scores based on their performance. Though the teams that had members with higher IQs didn't earn higher scores, teams that included women did.

According to this research, it is important to have a mix of genders on a team for it to achieve optimal results. I'm pleased to be able to say that eight of thirteen managers in the finance department are women, and they are making a stellar contribution to our mission, both individually and collectively. Our department is stronger and our experience richer because of them.

Did You Know?

The Army has ethical restrictions on the types of investments that may be held in its portfolio. Its investment policies prohibit investment in companies whose primary business is the manufacture, distribution or promotion of alcohol, tobacco, pornography, gaming, gaming facilities, or armaments. Copies of the statements of investment policy and beliefs are available on the Army's website, **www.salvationarmy.org**.

Accounting

RESTRICTED CONTRIBUTIONS

Not-for-profit organizations normally receive a significant amount of their revenue from donations, government grants and other contributions. Sometimes, the contributor may specify the purpose for which a contribution is to be used. These are called **restricted contributions** and should be recorded as deferred revenue on your balance sheet until they are used in accordance with the restriction. While most externally imposed restrictions will be explicitly stated by the contributor, they may also be implied. For example, contributions would be restricted if they are received in response to a ministry unit's appeal to raise money to buy a new piano.

If a contributor stipulates that the funds are to be used to cover expenses in a future period, the contribution would also be considered restricted. In this case, the funds should be deferred and recognized as revenue in the same period or periods as the related expenses are recognized or incurred. A typical example would be a government grant received in advance to cover the next three months of operations.

Unrestricted contributions, on the other hand, must be recognized immediately as income, even if you are unable to utilize the contribution in the period it is received. For example, if you receive a large unconditional donation just before year end, you still must record the contribution as donation income in the current year, even though you are unable to spend it until next fiscal year.

For more information, please contact the finance department.

Operating As A Charity

CAN A CHARITABLE GIFT BE RETURNED?

Generally, a charity may not return a charitable gift. Once the transfer is made, the donor normally loses all legal rights to the donated property and the charity becomes obliged to use it in carrying out its charitable objectives.

What about a gift received for a specified purpose which the charity later determines that it cannot use in accordance with the donor's wishes?

For example, an individual gives a cash donation of $2,000 to a day care with the condition that it be used to purchase some playground equipment. The donor receives an official charitable receipt for the gift. However, before the day care can use the donation to purchase equipment, a company comes along and donates enough equipment to completely satisfy the day care's needs.

In this situation, unless the charity can obtain permission from the donor to use the charitable gift for some other suitable purpose, the condition of the gift will not be met and it should be returned. Of course, the donor will then need to return the charitable tax receipt.

There are a few other scenarios where a charitable gift should be returned. However, these often require direction from the courts. For example, the donated property may have been stolen from someone who is not the donor, or a donor may lack the mental capacity to form intent, or the gift simply may have been made in error.

For more information, please contact the finance department.

In the News

STUDY OF CHARITABLE GIVING TO BE LAUNCHED IN 2012 ---- The House of Commons Standing Committee on Finance announced on December 15, 2011 that a study of charitable giving in Canada will be launched when Parliament returns in 2012. The study will examine current and proposed tax measures to encourage charitable giving. The examination will include the charitable tax credit amount and the possible extension of the capital gains exemption to donations of private company shares and real estate. The study will also focus on the feasibility and cost of changes to existing tax measures as well as the implementation of new tax incentives.

Financial Management

THE FACTS BEHIND THE OFFICER BENEFIT LEVY

We have been criticized for the cost to ministry units of the officer benefit levy. So, we thought it was high time to offer some facts.

- The total cost of the officer benefit program in fiscal 2011 was $12.6 million.
- Total officer benefit levies collected from appointments was $7.9 million. THQ underwrote the remaining $4.7 million.
- Officer benefit levies are made up of two components: current costs for benefits enjoyed by active officers today, and expected costs for benefits that today's active officers will enjoy in retirement. Costs related to today's retired officers are borne by levies charged to appointments in the past and THQ subsidies.
- Current costs for active officers include the health plan (medical and dental coverage) and life insurance premiums.
- Expected costs of retirement benefits for active officers include pension and other post-retirement benefits, such as health care, uniforms, death benefits, etc.
- Approximately 30% of the officer benefit levy relates to current costs, while 70% relates to expected future costs for benefits officers will enjoy in retirement.
- With officers entering the training college later in life, there are fewer years of active service in which to pay the costs of retirement benefits, thereby raising the costs
- Basic pension benefits are funded through a registered pension plan, while supplementary pension and other retirement benefits are funded through general revenues. As of March 2011, the pension plan had an actuarial surplus of $3.5 million.

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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