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Did You Know?

Canada Revenue Agency revoked the registration of almost 1,500 charities in 2012. Most were revoked for failing to file an information return or as a result of the charity ceasing operations.

Editorial

Happy New Year! 2013 represents the 15th anniversary of the finance department's regional accounting offices. By 2000, when we opened our last office in Calgary, we had 64 ministry unit clients. Today, there are over 330. There are now only 125 ministry units that still perform their own accounting or contract with a service provider other than the finance department.

Historically, our strategy has been to focus on small ministry units, recognizing that these were likely to be the units where we could add the most value in terms of the services provided, compared to what they were able to achieve on their own. Our assumption was that larger units would be able to manage their own accounting and financial reporting successfully.

That assumption has been proven incorrect. Over the last few years, we have come to realize that the size of a unit is not correlated with its ability to perform its own

accounting. Large and small units alike can have difficulties, for varying reasons.

In addition, both internal and external auditors have concluded that books are generally in better shape in a unit that has its accounting performed by the finance department and that internal controls are stronger. As a result, costs of audits tend to be lower. We have also observed that staff in DHQs spend more time supporting units that are not clients of the finance department, resulting in higher administration costs to the organization overall.

As a result, the finance department's strategy is changing. We will now more actively market our accounting services to all types of ministry unit, regardless of size. Our goal is to ensure better quality accounting, as well as more integrated systems, processes and internal controls across the organization.

Policy Perspective

WHISTLEBLOWER POLICY

In early December, the Territorial Management Board approved a new Whistleblower Policy. The key provisions of the new policy (OP0202) are:

- guidance on the types of situations that should be reported, such as violation of policy or standards, criminal acts, danger to health and safety or gross mismanagement;
- protection from retaliation for anyone who reports a situation in good faith
- disciplinary action for anyone who reports falsely for the purpose of being malicious or frivolous

- a confidential reporting mechanism.

It is hoped that this policy will encourage officers, employees, volunteers and other stakeholders to pass on information or concerns they have about suspicious actions, not in keeping with The Salvation Army's mission, values and policies.

All staff should be provided with a copy of the policy and it should be prominently displayed in every ministry unit, DHQ and THQ office.

Charity Corner

RETURNING A CHARITABLE GIFT

Only in limited circumstances is it appropriate to return a gift to a donor if that gift was receipted for income tax purposes. Once a donation receipt has been issued, the gift is considered to have created a charitable trust for the charity, which means that it can only be used for its charitable purposes. As a result, as a general rule, a donation cannot be returned. In some instances, a charity can be charged with using charitable property for non-charitable purposes if it refunds a donation.

There are, however, unique circumstances in which such a return is permitted. In these cases, new guidance issued by Canada Revenue Agency requires the charity to file an information return within 90 days for all donations of \$50 or more.

The best advice: if you are faced with a situation in which you wish to return a gift or if a donor is requesting the return of a gift, contact the finance department. We can help you determine whether it is permissible and, if necessary, will consult legal counsel and/or the CRA.

In The News

BILL C-458 EXTENDS DEADLINE FOR CHARITABLE DONATIONS ---

A private member's bill to extend the deadline for charitable donations to February 28 from December 31 for tax purposes is working its way through due process in the House of Parliament. While it appears to be a good thing for donors, giving them up to February 28 to make donations that can be claimed on the prior year's income tax return, some charities are concerned about the administrative complexity it would create for them and question whether the move might actually reduce charitable contributions overall. They claim that donors will feel less generous in February than in December and may give less when they are faced with the bills from their Christmas expenditures.

CPA CANADA IS HERE ---

On January 1, 2013, Chartered Professional Accountants of Canada ("CPA Canada") came into being. It is hoped that the new organization will eventually incorporate all professional accounting organizations in Canada. Over time, as individual provincial bodies merge, all professional accountants in Canada would share a single designation as a Chartered Professional Accountant ("CPA"). A new board of directors has been established, with accountants from all three professional accounting organizations: Chartered Accountants, Certified Management Accountants, and Certified General Accountants.

Accounting & Financial Reporting

ACCOUNTING SYSTEM REVIEW

The finance department has undertaken a project to review the Army's accounting systems. THQ has used Masterpiece since 1998, while Shelby has been used elsewhere, starting in 1990. The project will be led by Irene Chan, former assistant financial secretary, who re-joined the finance department on a part-time basis in December 2012. Irene's first priority will be to review the existing accounting systems and to recommend whether they should be retained or replaced.

Replacing the systems may turn out to be the best solution, given the significant technological advancement since the 1990s and the limitations we experience with the existing systems. The review will help us to determine whether this is in the Army's best interests, from territorial, divisional and ministry unit perspectives. The finance department will be seeking input from stakeholders as the project unfolds.

Watch for more on this initiative in future issues of *Money & Mission*.



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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TERRITORIAL ACCOUNTING & FINANCE CALENDAR 2013

Date	Description
Wednesday, January 2, 2013	Money & Mission, Volume III, Issue 7
Monday, January 6, 2013	Automobile declaration forms (TX 1) due in Finance Department
Monday, January 8, 2013	Deadline for December month-end close
Tuesday, January 15, 2013	Home Missions payments due at THQ
Wednesday, January 16, 2013	Money & Mission, Volume III, Issue 8
Monday, January 21, 2013	Final statements of resources for 2013/14 issued to divisional commanders
Tuesday, January 22, 2013	Publication of Quarterly Financial Report for December 2012
Thursday, January 31, 2013	Deadline for issuing 2012 charitable donation receipts
Thursday, January 31, 2013	Deadline for ministry unit budgets to reach DHQ (may vary by division)
Wednesday, February 6, 2013	Money & Mission, Volume III, Issue 9
Thursday, February 7, 2013	Deadline for January month-end close
Friday, February 15, 2013	Deadline for submission of budgets to Finance Department
Friday, February 15 to Friday, March 1, 2013	Finance Department review of budget submissions
Wednesday, February 20, 2013	Money & Mission, Volume III, Issue 10
Thursday, February 28, 2013	Deadline for issuance of tax information slips (T4, T4A, etc.)
Wednesday, March 6, 2013	Presentation of budget submissions to Territorial Finance Council
Wednesday, March 6, 2013	Money & Mission, Volume III, Issue 11
Thursday, March 7, 2013	Deadline for February month-end close
Friday, March 8, 2013	Communication of budget decisions to THQ department heads and divisional commanders
Monday, March 11, 2013	THQ external audit planning and control testing by KPMG commences
Wednesday, March 20, 2013	Money & Mission, Volume III, Issue 12
Wednesday, April 3, 2013	Money & Mission, Volume III, Issue 13
Friday, April 5, 2013	Issuance of annual payments from THQ trusts and endowments
Monday, April 8, 2013	Issuance of accounts receivable and loan statements by THQ
Tuesday, April 9, 2013	Final date for submission of expenses and invoices for fiscal 2012/13.
Wednesday, April 10, 2013	Preliminary deposit account reports issued by THQ
Friday, April 12, 2013	Deadline for preliminary March month-end close
Monday, April 15, 2013	Final MSA calculations and communication to ministry units
Monday, April 15, 2013	Preliminary budget variance reports issued
Wednesday, April 17, 2013	Money & Mission, Volume III, Issue 14
Wednesday, April 17, 2013	Deadline for final March month-end and year-end close
Friday, April 19, 2013	Publication of Quarterly Financial Report for March 2013
Monday, April 29, 2013	External audits of NRO, DHQs and ministry units commence
Wednesday, May 1, 2013	Money & Mission, Volume III, Issue 15
Friday, May 3, 2013	External audit fieldwork for NRO and DHQs concludes
Monday, May 6, 2013	External audit of THQ commences

Date	Description
Tuesday, May 7, 2013	Deadline for April month-end close
Wednesday, May 15, 2013	Money & Mission, Volume III, Issue 16
Friday, May 17, 2013	Draft audited financial statements for ministry units due at THQ for final review
Wednesday, May 22, 2013	External audit field work of ministry units conclude
Friday, May 24, 2013	Deadline for all ministry unit audit adjustments to be posted
Friday, May 24, 2013	External audit field work of THQ concludes
Wednesday, April 28, 2013	Preparation of consolidated financial statements commences
Friday, May 30, 2013	Draft fiscal strategy report issued to THQ and DHQ leaders for input
Wednesday, June 5, 2013	Money & Mission, Volume III, Issue 17
Friday, June 7, 2013	Deadline for May month-end close
Monday, June 10, 2013	External audit of consolidated financial statements commences
Wednesday, June 19, 2013	Money & Mission, Volume III, Issue 18
Wednesday, June 26, 2013	Presentation of consolidated financial statements to Territorial Finance Council and Governing Council
Friday, June 28, 2013	Publication of consolidated financial statements on www.salvationarmy.ca
Friday, June 28, 2013	Deadline for responses to draft fiscal strategy report
Monday, July 8, 2013	Deadline for June month-end close
Monday, July 22, 2013	Publication of Quarterly Financial Report for June 2013
Thursday, August 8, 2013	Deadline for July month-end close
Wednesday, September 4, 2013	Presentation of fiscal strategy 2014/15 to Territorial Finance Council
Friday, September 6, 2013	Publication of territorial fiscal strategy report for 2014/15
Monday, September 9, 2013	Deadline for August month-end close
Friday, September 20, 2013	Budget guidelines 2013/14 to be issued
Monday, September 30, 2013	Deadline for submission of Charity Information Returns (T3010) to Canada Revenue Agency
Wednesday, October 2, 2013	Money & Mission, Volume IV, Issue 1
Monday, October 7, 2013	Deadline for September month-end close
Wednesday, October 16, 2013	Money & Mission, Volume IV, Issue 2
Friday, October 18, 2013	Preliminary Statements of Resources, budget schedules and worksheets to be issued to divisional commanders and department heads
Monday, October 21, 2013	Publication of Quarterly Financial Report for September 2013
Wednesday, November 6, 2013	Money & Mission, Volume IV, Issue 3
Thursday, November 7, 2013	Deadline for October month-end close
Wednesday, November 20, 2013	Money & Mission, Volume IV, Issue 4
Wednesday, December 4, 2013	Money & Mission, Volume IV, Issue 5
Friday, December 6, 2013	Deadline for November month-end close
Wednesday, December 18, 2013	Money & Mission, Volume IV, Issue 6