Money & Mission

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Guest Editorial: Accountability

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Accountability is being discussed on an international level in The Salvation Army these days. In fact, our last International Conference of Leaders held in July of this year had this as a main agenda item. In his keynote address to the conference, the General said this about Accountability and Transparency: "It is totally unacceptable for any hint of suspicion to follow any officer, soldier, employee, and volunteer when it comes to the handling of finances and assets."

In order to be faithful in our use of resources we must take care in accounting for and reporting on the sources and uses of funds.

With the number of charities on the increase, donors have many more options for giving than ever before and they are becoming more astute and demanding in terms of information about the use of their donations. Nevertheless, this is not the only reason to increase our level of accountability or to strive to be more transparent in our reporting.

Rather, our responsibility for accountability comes from our desire to be an organization of integrity, above reproach and seen to be doing things right. And that's nothing new. Orders and Regulations have long governed our management of resources and when we take them seriously, they will help us to be good stewards of those resources.

The other thing that helps us to be good stewards is to be clear about mission. It's not just about accounting for funds; it's about being accountable for our mission. Are we doing things right **and** are we doing the right things?

In the next months we will be taking a closer look territorially at the mission priorities which were determined and communicated some time ago. We need to ensure that our focus is on those priorities and that we invest our resources appropriately.

Above all, we need to be guided by the Holy Spirit and remember that holiness applies to how we invest, account for, and report our finances.

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Tax Receipting: Official Donation Receipts

This is the second of a series of articles on tax receipting, referring to elements of a new Territorial Finance Manual section which will soon be released.

Official Donation Receipts vs. Non-Charitable Receipts
A registered charity may issue an official donation receipt, i.e. one that can be used for income tax purposes, for any donation that meets the definition of a gift – see the explanation in *Money & Mission*, November 19, 2014 issue. Where the donor has received some benefit or advantage, that value must be deducted from the fair market value of the donation.

A charity is not required to issue any other kind of receipt; however, other receipts – referred to here as "non-charitable receipts" – may be requested for:

- A charitable gift where the donor wants a temporary receipt before the official donation receipt is issued.
- A gift that does not meet the criteria for the issuance of an official donation receipt, but the donor wishes some acknowledgement, e.g., the gift is for a specific person or family.
- Fees paid to a ministry unit for which formal acknowledgement is needed, e.g., fees for day care.
- Repayment of advances to an employee or volunteer.

Such non-charitable receipts should not bear the charity's business number, and should clearly state "Not an Official Donation Receipt" or "Not an Official Charitable Receipt."

Instead of issuing a non-charitable receipt, an acknowledgement letter may be used in circumstances such as the four listed above.

Content of Official Donation Receipts

The following are required to be included in official donation receipts:

1. A statement that it is an official receipt for income tax purposes.
2. Name and address of the charity as it is filed with the Canada Revenue Agency (CRA).
3. Charity's registration number.
4. Serial number of the receipt.
5. Place or locality where the receipt was issued.
6. Day or year donation was received.
7. Day on which the receipt was issued, if it differs from the day of donation.
8. Full name, including middle initial, and address of the donor.
9. Amount of the gift.
10. Value and description of any advantage received by the donor.
11. Eligible amount of the gift, i.e. the amount by which the fair market value of the gifted Property exceeds the amount of any advantage to the donor as a result of the gift.
12. Signature of an individual authorized by the charity to acknowledge donations.
13. Name and web site address of the Canada Revenue Agency - www.cra.gc.ca/charities.

For non-cash gifts (gifts in kind), in addition to the above, include:

14. Day on which the donation was received (if not already indicated).
15. A brief description of the property transferred to the charity.
16. Name and address of the appraiser (if property was appraised).
17. Deemed fair market value of the property in place of amount of gift above.

Imagine Canada

The article entitled "Imagine Canada Accreditation" in the October 15, 2014 issue of *Money & Mission* described the Army's application for accreditation through the Imagine Canada Standards Program. It did not, however, describe the important role played by Imagine Canada in Canada's charitable and not-for-profit sector.

Imagine Canada was formed in 2005, from the union of two of Canada's leading charitable umbrella organizations: the Canadian Centre for Philanthropy, and the Coalition of National Voluntary Organizations. Its mission is to strengthen and support Canadian charities and not-for-profit organizations ("nonprofits") so they may better serve and engage individuals and communities here and around the world.

The core beliefs of Imagine Canada are that charities and nonprofits play an essential role in Canadian society by:

- Engaging Canadians
- Helping those in need
- Enhancing quality of life
- Building knowledge
- Strengthening public policy
- Contributing to economic prosperity.

Imagine Canada also believes that charities and nonprofits have a responsibility to be:

- Innovative
- Transparent
- Ethical

- Well governed
- Inclusive
- Collaborative

Further, Imagine Canada believes that charities and nonprofits must have the necessary financial and human resources to achieve a real impact. To that end, it offers programs and provides resources that help to strengthen these organizations, so that they can, in turn, support the communities they serve.

Imagine Canada now has some 1,250 member organizations from across Canada. A key objective is to make is easier for charities to be heard and to participate in shaping federal and pan-Canadian public policy.

The October article provided information about Imagine Canada's Standards Program, and why the Army sees real advantage to being accredited under it. Other programs include the Caring Company Program, under which participating companies lead by example with their commitment to:

- donate a minimum of 1% of pre-tax profit to community organizations;
- champion and sustain at least one community investment project; and
- publicly report their community investment activities.

More than 90 Canadian businesses are presently participants in this program, including three of Canada's five big banks, two of the three largest life insurance companies, some major retailers, and many smaller companies.

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