

# MONEY & MISSION

VOLUME VIII, ISSUE 1 - OCTOBER 4, 2017



## EDITORIAL: WELCOME TO VOLUME VIII

This issue of *Money & Mission* marks the start of Volume VIII – the eighth year of publication, twice a month from October to June. While we have some new ideas, our basic purpose is still to inform and educate colleagues across the territory who have financial management responsibilities. This purpose is governed by the Army's overall mission statement:

*The Salvation Army exists to share the love of Jesus Christ, meet human needs and be a transforming influence in the communities of our world.*

The work of financial management is critical to the Army's success in advancing the

mission. without careful stewardship of the resources placed at the Army's disposal, the mission suffers. As a result, those of us who have financial management responsibilities should see ourselves as key partners to those who provide direct service and ministry. We are in this together!

As always, your comments on the content of *Money & Mission* are most welcome. We encourage you to suggest future topics you would find interesting or helpful.

## THOUGHTS ON CPA AND VOLUNTEERISM

by Arnold Adey, Assistant Financial Secretary

In June 2017, I completed my term as Chair of Chartered Professional Accountants of Newfoundland and Labrador ("CPA NL"), culminating ten years of volunteering with accounting bodies in the province. It represented an exciting period and I was privileged to participate in and observe first-hand the merger of the three professional accounting bodies in Canada into CPA Canada and corresponding provincial bodies, all with a single CPA designation. There were many ups and downs, and restarts through that period, but the end result is a single accounting designation that bodes well for future accountants.

I found the experience and knowledge gained in interacting with many other volunteers from various organizations and backgrounds most rewarding. Before volunteering with CPA NL and one of its predecessor bodies, I had recently finished a term of volunteering within The Salvation Army as Corps Sergeant-Major at my local Corps. My focus had been internal looking, and the opportunity with CPA NL allowed me to focus outside the organization. I realized that there is much to learn from others, and the exposure to differing processes and ideas was beneficial to my growth and development. At the same time, the opportunity to represent the Army to other members of the community and the profession was a benefit to the organization. I am thankful for the support of the Army in giving me the latitude to fulfill this role.

The benefits of volunteerism far outweigh the cost, although at times when we were meeting once or twice a week during the heyday of merger, I might have questioned the benefits. The sense of accomplishment and the friendships gained significantly exceed the costs. I would encourage volunteerism, both inside and outside The Salvation Army. You will be a better person because of it. Now, what should I do next?

## CONSOLIDATED FINANCIAL STATEMENTS FOR 2016/17 RELEASED

The consolidated financial statements of The Governing Council of The Salvation Army in Canada for the year ended March 31, 2017, which include all of the Army's operations in Canada & Bermuda, were approved for release on July 10, 2017. The finance department can take pride in the fact that these statements are understood to be the largest consolidation exercise in Canada, with the results of 420 entities being consolidated. Also, a number of accounting courses offered by CPA Ontario and others refer to aspects of the presentation and disclosure followed by the Army as examples of best practice in the area



of not-for-profit accounting standards.

The statements, which can be viewed at [http://www.salvationarmy.ca/wp-content/uploads/2017/08/SalvArmyCan\\_FinancialStatements\\_2016-17\\_web.pdf](http://www.salvationarmy.ca/wp-content/uploads/2017/08/SalvArmyCan_FinancialStatements_2016-17_web.pdf), provide an interesting perspective on the Army's activities in the past year in financial terms.

Some notable highlights from the financial statements are:

- Total assets were \$1.8 billion.
- Revenue and expenses in fiscal 2018 were \$830 and 701 million, respectively.
- Fundraising costs were \$23 million, which represents 12% of charitable donations.
- THQ and DHQ administrative costs were \$38 million, which represents 5% of total revenues.
- Combining these two elements means that donors will know that only 17 cents of each donation dollar covers these support costs.
- Operating funds totalled just under \$104 million, which represents sufficient funds to maintain operations for 1.9 months, compared to the Territory's target of 3 months. 34% of ministry units have yet to achieve the target.
- The most significant change year over year was with respect to investment income. A loss of \$22 million in 2015/16 was replaced by a gain of \$127 million in 2016/17. The Army has a spending policy in place which is designed to mitigate the volatility inherent in the capital markets so that significant adjustments in spending can be avoided when investment income changes of this magnitude are realized.

## DID YOU KNOW? "GIFTING AND RECEIPTING" VIDEOS

The Charities Directorate of the Canada Revenue Agency has commenced a series of videos on "Gifting and Receipting". "Gifting and Receipting 101" covers the types of donations for which registered charities and other qualified donees can issue a tax receipt, and the various rules on receipting, including:

- What does and does not qualify as a gift;
- The conditions that need to be fulfilled in order to issue a donation receipt; and
- How to determine the amount to report on a donation receipt.

Other videos available now are "Auctions: when can you issue donation receipts" and "Auctions: advantage and 80% rule".

All of the videos can be found at: <https://www.canada.ca/en/revenue-agency/news/cra-multimedia-library/charities-video-gallery/charities-giving-series-gifting-receipting.html>.

## WHO'S WHO: ED LAYLO

As Director of Accounting, Ed Laylo is responsible for THQ, including National Recycling Operations (NRO). Ed joined the Army's staff in 2000 as Senior General Accountant, NRO, and was subsequently appointed National Controller, NRO. In



early 2017, Ed and his team moved from NRO to the finance department, and Ed took up his new responsibilities in June 2017.

Ed is a native of the Philippines, where he obtained the CPA (Philippines) in 1985. In 2007 he completed the requirements for his CGA designation, and since the merger of the professional accounting bodies in Canada he is now a Chartered Professional Accountant (CPA) and entitled to use the CPA, CGA initials.

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