NEWSLETTER #8
February, 2005
Updated February 2006

Some of this material has been covered in previous newsletters. However, tax time is always a good time to review common issues and situations that are encountered by a great many churches at this time of year. This newsletter deals specifically with tax receipts. Tax receipts are a government requirement in Canada but USA customers may find this information useful as well.

Here are a list of common support problems that we encounter daily at this time of year.

QUESTION #1 - What is a tax receipt?
In ChurchWatch, there is no data table that specifically contains tax receipt information. So what is a "tax receipt" then? A tax receipt is simply unique serial number that links together one or more offering records in the Giving data table. The serial number is stored in each record in the Giving table. If no serial number is in the record or the serial number is zero, the offering is NOT on a tax receipt. Serial numbers are created when you "generate" receipt numbers using the Tax Receipt Manager.

QUESTION #2 - How do I know if I'm ready to produce tax receipts?
We recommend a simple procedure. First of all check that the balances of all batches are correct. There are two ways to do this. You can run "Batch Summary #1" report from the Report Manager and then check batch totals against your teller sheets or other original records of the batch. Or, if you entered pre-calculated totals for each batch, look on the "YTD Statistics" page in the Giving Manager. If any batch is shown in red color, you have a balance problem.

Secondly, make sure that there are no data integrity errors in the Membership Manager. To check this simply open the Membership Manager and then close it. On exit, a check is done to see if there are any data problems. If there are, a list will be presented to you and you will need to correct these before generating tax receipts.

There are several common problems:
1. No main contact - each household MUST have one and only one main contact person.
2. No people in family - each household MUST have at least one person in it.
3. Multiple main contacts - each household MUST have one and only one main contact person.
4. Multiple spouses - each household can have at most one spouse.

Thirdly, reindex your data in SETUP->MAINTENANCE. You must be logged in under the "admin" account to access this page.

Lastly, and most importantly, just before generating your tax receipts, <u>MAKE A BACKUP</u>. Please, we cannot stress this enough. The backup will allow you to proceed with confidence because if anything goes wrong you can just restore the backup and try again. We recommend a quick temporary backup to your hard drive so that it can be quickly restored if needed. We spend many hours deleting tax receipts for customers when a simply backup would have sufficed.

QUESTION #3 - When should I archive my giving data and what is archiving?
Do not confuse archiving with backing up your data. The archive process takes a "snapshot" of your giving, pledge, account and membership information and moves it into a folder with the same name as the year (eg "2005") in the "Archive" folder in your ChurchWatch root folder. It also deletes all giving records in the current year. Archiving should be done at year end since it can only be done <u>once per year</u>. Archiving during the giving year will create significant problems since the year's giving data will be split up into two files. **IMPORTANT! Always do a backup before archiving since all giving data will be deleted after the operation.**

QUESTION #4 - Can I archive data before generating tax receipts?
The short answer is yes. You can archive data and access it/edit it anytime. However, White Mountain Software recommends that you wait until after tax receipts have been issued for the year. The only reason we recommend this is that the backup process is simpler. You can backup and restore a copy of the current giving years data. Past years data (ie archived data) is all backup up at once. Stated differently, all past years data is backed up and restored. This is awkward since, if a restore is required, you will need to restore ALL data from past years just to get the year you're working on. Having said this, there is no technical reason that you cannot archive first, and generate tax receipts later.

QUESTION #5 - How do I access data from past giving years?

Use the pull-down year box on the ChurchWatch tool bar. Simply choose the year you want to work on. When using a past giving year, many functions in ChurchWatch will be disabled (greyed out) including the entire tool bar. You will have access to the Membership, Giving, Pledge, Account, and Batch data only. In addition, the Report Manager is still accessible.

QUESTION #6 - If I change membership information in a past giving year, what about other years and the current year?

Because a snapshot of the membership data is taken when the current giving year is archived, changes to membership information, such as address, will not be reflected in other copies of the membership data. In other words, if you change an address in the current giving year, the changes will NOT be reflected in past giving years and you'll need to make the same changes there if they are important.
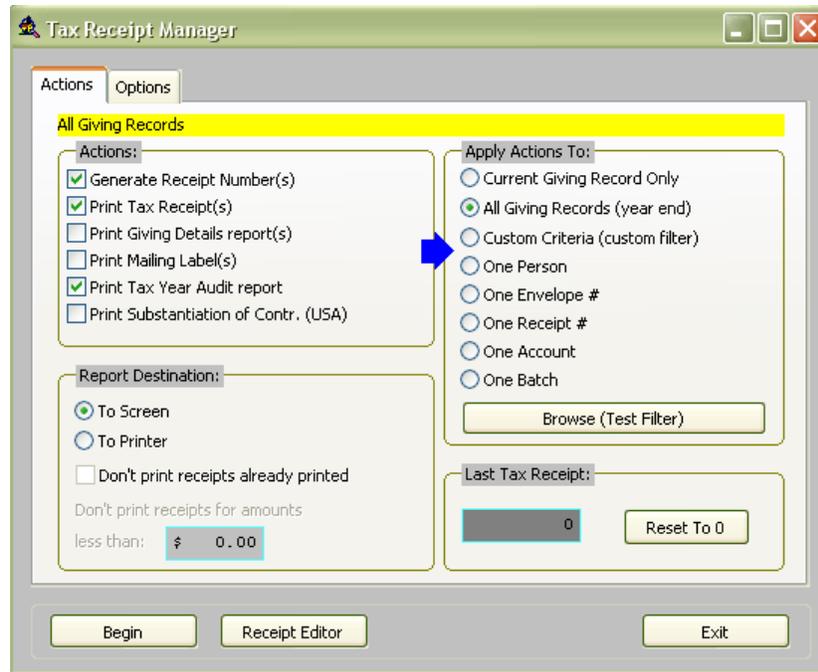

QUESTION #7 - Does ChurchWatch allow offerings to be credited to a family?

No. The fundamental concept in ChurchWatch is that all offerings are credited to the person who gave the offering or to the "Loose Cash" category. However, you can still get a couple's name onto a tax receipt quite easily. In the Membership Manager, there is a check box for including the spouse name on the receipt. To make this work, first credit all offerings for the family to the main contact throughout the year. Next, make sure the check box shown below is checked off in the Membership Manager. Then, when a receipt is printed for this family, both names will be on the receipt.

QUESTION #8 - How do I produce the tax receipts?

Tax receipts are produced in the Tax Receipt Manager. The only way to access this manager is via the Giving Manager using the Tax Receipt Manager button near the bottom of the form. Always do a backup just before generating the receipts. Assuming this is year end, on the first run you will want to check off the options in the Tax Receipt Manager as shown in the example below:

GENERATE TAX RECEIPTS - This checkbox tells the Tax Receipt Manager to generate serial numbers or in other words, create the receipts. Since the Tax Receipt Manager only "hunts down" records that don't already have a tax receipt serial number, leaving this checkbox checked at all times can do no harm.
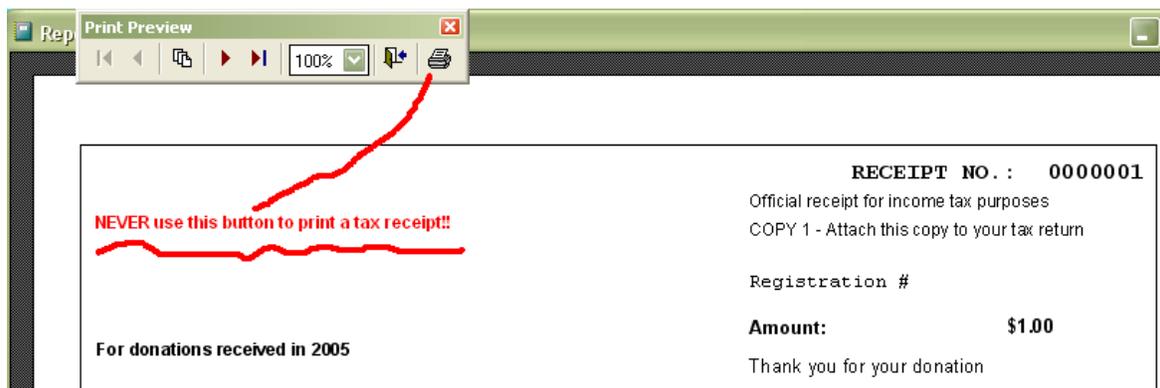
PRINT TAX RECEIPTS - This checkbox tells the Tax Receipt Manager to produce the tax receipt report - in other words print the tax receipts either to screen or to printer depending on the destination you choose.

PRINT TAX YEAR AUDIT REPORT - This checkbox tells the Tax Receipt Manager to produce an audit report. This is a very useful report to keep on file. It includes, for each serial number, the total, the number of offerings included on the receipt and the person/envelope number that tax receipt was issued to.

ALL GIVING RECORDS YEAR END - For year end operations you will normally what

to choose this option. It will include ALL offerings from the giving manager. A common mistake is to leave "Current Giving Record Only" selected. This will apply the operations to only 1 offering, the current one shown at the top of the Tax Receipt Manager in yellow.

Click the BEGIN button to produce the receipts and the reports. The recommended procedure is to print the receipts to screen first, check a few and then run the reports again, this time to the printer. NEVER click the printer button in the screen preview. Although this is possible, ChurchWatch will not know that you printed the receipts from the screen preview and cannot warn you if you accidentally reprint a receipt or receipts a second time.

QUESTION #9 - What is the OPTIONS page for in the Tax Receipt Manager?
You can modify the tax receipt behaviour on the OPTIONS page. Some of the more interesting options are:

One Donation Per Receipt: This is intended for charities where one donation is receipted. It should not normally be used in a church at year end since you will end up with thousands of receipts - one offering per receipt.

Include CRA Website...: This is intended for Canadian churches only. By law you are required to include the CRA website on tax receipts. If you are a church or charity located in Canada, this box must remain checked.

One Receipt Per Page...: This is intended for USA churches since it includes the "Substantiation of Contributions" text at the bottom of the page of each receipt. Knowledgable Canadian churches can edit the receipt in SETUP->REPORTS and can remove the extra text. This would give you the option of printing one copy of the receipt per page.

QUESTION #10 - What is the Tax Receipt Editor for?
The Tax Receipt Editor (not the Manager) is used mainly to view receipts after the fact and to see what specific offerings ended up on what receipt and to see who the receipt was issued to. The Tax Receipt Editor is accessed from the "EDIT RECEIPT" button in the Giving Manager near the bottom of the form. Most importantly, the Tax Receipt Editor has two very powerful and useful functions: the MOVE button and the DEL button. The MOVE button allows you to move offerings from one receipt to another, but only if the two receipts were issued to the same person. This method allows you to essentially delete one receipt and combine the offerings into one receipt. The DEL button is also very powerful. It allows you to delete the specific tax receipt entirely. This DOES NOT delete the offerings. It simply removes the serial number from each offering record. This can be very useful when adjustments or changes are required. You can simply delete the receipt or receipts, make the edits in the Giving Manager (EDIT button) and then regenerate receipts.

QUESTION #11 - I need to generate one or more serial numbers after already generating receipts. What do I do?
No problem. You can generate receipts again at any time. ChurchWatch is smart enough to pick up only the offerings that don't have a receipt and to generate new serial numbers accordingly. Make sure that "Generate Tax Receipts" and "All Offerings (Year End)" options are selected in the Tax Receipt Manager.

QUESTION #12 - ChurchWatch produced two tax receipts for the same person. What happened?
It is most likely that you generated receipts some time during the year. ChurchWatch will never add more offerings to an existing receipt so it simply creates another one when you generate the serial numbers. For most churches, generating receipts only at year end (at tax time) is the normal route.

QUESTION #13 - ChurchWatch produced more than one tax receipt for the same family. What happened?
Remember, ChurchWatch does not credit offerings to families, but rather to people. So one of two things has happened. Its possible that you generated tax receipts more than once during the year (see previous question). More likely is that offerings were credited to two people - some to the main contact and some to the spouse. This will create two receipts - one to the main contact and one to spouse. Checking off the "Include spouse name on receipts" in the Membership Manager will not help this situation. You will still get two receipts but issued to the couple. So the real question is now what? You have two choices:

1. Do nothing. Canada Customs and Revenue or the IRS will allow the recipient to file more than one receipt since the serial numbers are different.

2. Or you can fix the receipts. First of all, retrieve both original receipts and destroy them. Next, use the DEL button in the Tax Receipt Editor to delete BOTH tax receipts. Next, find all the offerings that were credited to the spouse and use the EDIT button in the Giving Manager to change the name on each offering to the main contact person. You must be careful to make this change to ALL offerings that were on this receipt. Lastly, regenerate the receipts again. ChurchWatch will pick up these offerings that don't have a serial number and create one new receipt for the main contact of the household.

QUESTION #14 - Should I reset my last tax receipt serial number to zero?
This is not recommended and often just causes problems. We recommend never resetting the tax receipt to zero. At the very least, do this ONLY in a new year and before any tax receipts are generated for the new year. A good time to reset the number to zero is at the time that you archive your giving data. You should **NEVER** reset the serial number in a past giving year as this makes no sense. Failure to heed these warnings will create significant problems. If you generate a few receipts, then reset the last receipt number, then generate some more receipts you will end up with offerings from different people on the same receipts.

QUESTION #15 - What do I do if something goes wrong while generating tax receipts?
As stated earlier, make a backup. Then if something goes wrong, restore the backup and try again.

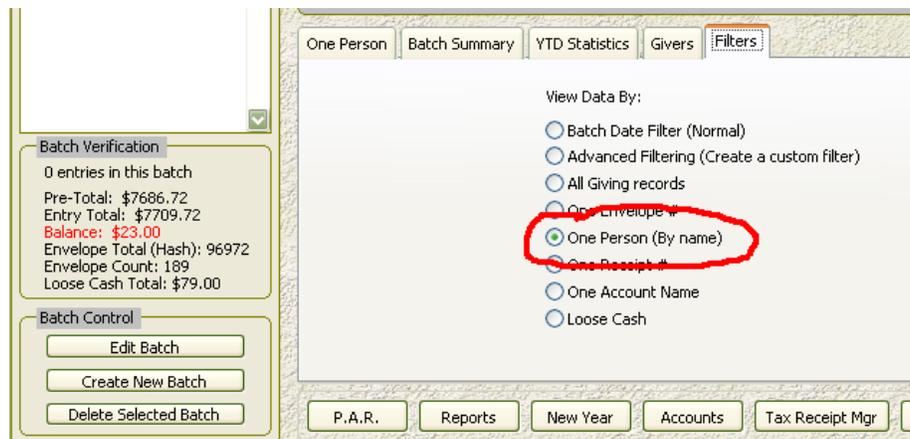### QUESTION #16 - How to change the name on a receipt?
This has already been touched on. See question #13.

QUESTION #17 - How do I handle deceased people with respect to tax receipts?
Handling deceased persons can be a delicate matter. For the most part, Canada Customs and Revenue and the IRS allow you to issue receipts to a deceased person's estate. However, this is a sensitive matter, especially if you are producing receipts with couple's names on them. So for this reason, many churches would rather remove the offerings for the deceased person and credit them to the spouse or other person. How this is handled depends on the situation.

1. If you have already generated the tax receipts. You need to follow the procedure discussed in question #13 for moving the offerings from one person to another.

2. If you have not generated receipts yet, you can simply find all offerings for the deceased person, and then, using the EDIT button in the Giving Manager, change the name to the spouse. Take note that when you change the name, ChurchWatch will

delete the amount and the account information so you'll need to re-enter it. Finding offerings for the deceased person is made easier by using a one-person filter on the filters page. See the screen shot below.

QUESTION #18 - I had an offering credited to the wrong person and I've already generated receipts. What do I do now?
This question has already been answered but for completeness, here is the information from last year's newsletter on this topic.

Normally, you could just edit the giving record and change the name but because you've already generated a tax receipt serial number, this would NOT take the amount off the receipt in question, <u>even if you change the person or envelope number its credited to</u>. Secondly, you can't fix it in the Tax Receipt Editor because although you can move offerings from one receipt to another, the two receipts must be credited to the same person. You could restore a backup and start all over but what if you've already printed the receipts? Now what? The best method is simply to delete the offering in error and then re-enter it correctly. However, the side effect is that this newly entered record will not have a tax receipt serial number. You'll need to generate a receipt again. You can do so in the Tax Receipt Manager using the "Current Record Only" option. But now you've got 2 receipts. Still not very nice. But now, because the receipt is credited to the proper person you can MOVE the amount to another receipt and get everyone onto one receipt. To do this you use the Tax Receipt Editor (not the Manager) and choose the MOVE button. Once this amount is moved to another receipt, this current tax receipt will no longer exist. You can print the receipt with the full total and everything is all clean up. Or is it? If you're paying attention you'll note that there is a second receipt involved here - the original one that you deleted the offering from. You'll need to re-print the original receipt also.

QUESTION #19 - The totals on some receipts are incorrect. What did I do wrong?

Without question, what has happened is that you have some accounts and/or offerings that are marked "non-receiptable". Non-receiptable offerings are never included in a tax receipt. Read the next question for a solution.

QUESTION #20 - I had one or more giving accounts marked as non-receiptable and I've already generated tax receipts. What do I do now?
If you made a backup, restore it, mark the accounts receiptable and re-generate all tax receipts. If you don't have a backup the rest of the text below applies:

You'll probably notice this when the receipt or Substantiation of Contributions amounts are incorrect. Nine times out of ten, you forgot to mark a giving account as "receiptable". Only receiptable offerings appear in the tax receipt total. First of all, run an account report to get the names of all people who have contributed to the account in error. You'll need this very important information in a moment. Next, go to the Account Editor (LISTS->ACCOUNT NAMES), find the account in question, and mark the account "receiptable". ChurchWatch will ask if you want to adjust all giving records credited to this account. You'll definately want to say YES. Now you need to go to the Tax Receipt Manager and generate receipts again. First take note of the last tax receipt number generated. I'll assume you've already created all year-end receipts so this is easy. Just re-generate all year-end receipts. This WILL NOT modify existing receipts in any way. It will just generate the few new receipts needed because you have modified some giving records to be receiptable. If you just want to print these new receipts, use a tax receipt filter (Apply Actions To option) and print each new receipt. If you'd prefer to clean things up and add these new amounts to existing receipts use the method we talked about in questions prior.

QUESTION #21 - I need to reprint a tax receipt because the person that it was issued to lost it (or it was lost in the mail). How do I do that?

Go back into the Tax Receipt Manager. Check off the item "One Receipt #" then enter the number of the receipt you want to reprint. Check off "Print Tax Receipts" under the "Actions" box and then click BEGIN to get a printout of your receipt. Another way, possibly simpler, is to use the Tax Receipt Editor (not the Manager). Click the VIEW button to view the specific receipt you want and then just click the little printer icon on the toolbar that comes up in the report viewer. The Tax Receipt Editor is accessed from the Giving Manager using the Edit Receipt button.

QUESTION #22 - I have already issued the tax receipts but missed an offering from one person. How do I fix this?

First of all get the tax receipt back and destroy it. You are going to re-issue it. If you cannot get the tax receipt back, simply enter the offering, generate a new receipt serial number in the Tax Receipt Manager and send out this new additional receipt.

Assuming you can get the original receipt back and destroy it, do this. Enter the missing offering into the correct year, correct batch date as a new offering. Now, using the Tax Receipt Manager generate receipts again. You can check off "Generate Receipt Numbers" and "All Giving Records (year end)". There is no need to print the receipt just yet. ChurchWatch is smart enough not to disturb your existing receipts. Click the BEGIN button. You will see 1 serial number generated. Now go into the Tax Receipt Editor (there is a button at the bottom of the Tax Receipt Manager). Find the receipt serial number you just created. It will be the highest numbered receipt so you can just click the >| button. Now click the MOVE ENTRY button. In the list that is displayed click to select the OLD receipt number. Then click the MOVE button. This will move the new offering to the old receipt. You can now exit back to the Tax Receipt Manager to print the old receipt again (see question #21).

Paul Weisberg
White Mountain Software