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Editorial

Recently, we have been receiving more feedback from our readers than usual. Our editorial in the February 6, 2013 issue asked readers to consider how we use the resources entrusted to the Army and the appropriateness of foodstuffs and other donations being given to staff. One reader thinks there are circumstances when this is right and proper. Here is an extract from the e-mail we received:

“ . . . I wanted to address the editorial about stealing from the SA. As a leader in a corps and social service centre, there were times when items were donated to us that were not something we could give out to clients or else there was too much of it and we needed to use it before it went bad. This ethical guideline has been used to overkill and I've known of leaders who threw out good food items simply because it wasn't ethical to give them to staff or take them home.

I don't agree with this for a couple of reasons, but mostly because many of our front line staff receive very low wages from us, far below those of other non-profit agencies. Take Shelter Workers in BC. The Army's going rate starts at \$15 or so per hour and other agencies start at \$18. We've had single parents who work for us who qualified for food hampers from the local food bank. How is it wrong for us to give out food that is donated to us? It's not. We put in place guidelines to make sure that no one was taking anything without permission and the supervisor/director of that department made the call when things could go home. We built accountability in to the process.

I do think there are some people who feel entitled because of this. I've talked to other officers and I've heard it said that they feel justified because of officer wages being lower than some staff. I don't agree with that. However, it can be taken too far the other way by over zealotness and our policies end up lacking grace and compassion.”

Our editorials are designed to provoke thought and we welcome measured feedback such as the above. We also recognize that this is an ethical issue to which there are never easy answers. The writer is, of course, absolutely correct that grace and compassion must be key principles underlying our policy framework. The reader rightly condemns an overzealousness that would see good food thrown out rather than given to staff. We couldn't agree more.

At the same time, we would caution against an approach that sees the provision of foodstuffs or other goods as a reasonable way of supplementing wages. Not only could this be seen as a benefit that should be reported for income tax purposes, but we are in danger of breaching a charitable trust when goods that were given for the Army's charitable purposes are diverted for another use, however well-meaning we are. Again, it is a question of how frequently it happens and whether it becomes an expectation or entitlement.

Accounting & Financial Reporting Focus

The fiscal year ending March 31, 2013 has now ended and work is underway on finalizing accounts in preparation for the year-end audit. We would like to remind you of key dates for the various tasks that must be completed in the next few weeks.

- April 2 Deadline to send deposit summaries and repositioning reports for cash deposited at March 31st to the finance department.
- April 4 Deadline to submit detailed expenses for capital campaign projects.
- April 5 Deadline to submit accounts receivable invoicing requests for 2012/13.
- April 9 Deadline to submit invoices that must be accrued in 2012/13.
- April 11 Deadline to submit requests for adjustments and other transactions to be recorded by journal entry.
- April 12 Deadline to submit information related to expenses greater than \$2,500 that must be accrued in 2012/13.
- April 12 Date initial Management Support Assessments will be calculated

Special Feature

PENNY ISSUES ---

As most of you are aware, the penny is being taken out of circulation. Transactions being settled electronically (i.e. by debit or credit card) or by cheque are still being processed to the penny. Cash transactions are being rounded up or down following guidelines we published in the February 6, 2013 issue of Money & Mission. We are now receiving questions as to how ministry units should deal with penny discrepancies when they occur. Two typical situations are outlined below.

Thrift stores may have issues when sales are calculated to include pennies and the unit then rounds up or down in collection. For example, a sale comes up on the cash register as \$3.52, but only \$3.50 is collected from the customer. This results in the sale on the cash register tape being different from the cash on hand. There are two actions you can take to resolve this. The first is to reprogram the cash register to round all final transactions up or down as appropriate. In the interim, or if the register is not easily re-programmed, any adjustments should be coded to a cash over/under account.

The second type of discrepancy can occur when a personal reimbursement is requested from petty cash. If the receipt is for \$10.52, and the claimant is reimbursed \$10.50, how do you account for the \$0.02? The reimbursement should be recorded as the amount paid out (i.e. \$10.50) and a notation made on the receipt to highlight the adjustment.

Policy Perspective

CAPITAL GRANTS

Operating Policy 8208 provides for grants to capital projects. The policy sets no limit on grants to social services projects, but establishes a limit of 10% for most grants from divisional headquarters to corps projects. Projects for corps buildings that include space for community and family services programs can qualify for a larger grant, as can small corps in exceptional circumstances.

The rationale behind the limit on grants for corps projects is three-fold. First, a basic principle of the Army's financial management is that a corps should be self-supporting to the greatest degree possible, including the costs of buildings.

Second, costs of owning a building are high, particularly when large parts are not effectively utilized throughout the week. We want to encourage corps to be more creative and innovative in their use of space for corps activities, to minimize the financial burden buildings create. Does a corps need its own building to be successful? Could a corps share property with another corps or church? Could leased or free community space be a solution?

Third, legacy income is used to make capital grants. Although funds restricted by the donors are not used for this purpose, we know that most legacy funds are given with the Army's community and social programs in mind, rather than its evangelical and congregational activities. As a result, we think it is appropriate to set some limits on the use of these funds.



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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Money&Mission@can.salvationarmy.org.

Editorial Team

Managing Editor:

R. Paul Goodyear

Senior Editor:

Patricia Dunbar

Design Editor & Production Manager:

Angela Robertson

French Translator:

Serge Careau

Other contributors to this issue:

Arnold Adey

Finance Department Offices

2 Overlea Blvd
Toronto, ON M4H 1P4
(416) 425.2111 ext. 2237

116 - 276 Midpark Way SE
Calgary AB T2X 1J6
(403) 201.9223

884 - 167 Lombard Ave
Winnipeg MB R3B 0T6
(204) 975.0735

1655 Richardson St
Montréal QC H3K 3J7
(514) 288.2848

101 - 85 Thorburn Rd
St. John's NL A1B 3M2
(709) 579.3919