



Finance in The Salvation Army in Canada and Bermuda has come a long way in the past thirty years. The introduction of computerized accounting, moving from a largely cash-based to accrual-based form of accounting and financial reporting, the creation of regional accounting centres and the issuance of consolidated financial statements are all key developments in the evolution that has taken place.

With the implementation of the new Agresso financial system, we are taking advantage of the latest technology to increase the automation of transaction processing, particularly with respect to accounts payable. This will minimize both the time and cost incurred by THQ and ministry units in getting the bills paid.

Both systems allow us to reduce the significant amount of paper used across the Territory for financial transactions and minimize courier and postage costs to send documents between

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By January 2016, all ministry units in the Territory will have their accounting performed by the Finance department. This means that all ministry units, DHQs and THQ will be accounted for in a single financial system with a common chart of accounts, significantly improving our ability not only to issue consolidated financial statements annually, but to allow such reporting on an interim basis as well. In addition, we will be in a better position to report on any number of key metrics, by type of ministry unit, by division or territorially.

Shortly thereafter, we will commence work on a project to amalgamate the charitable registrations in the Territory so that The Salvation Army in Canada will be a single entity for Canada Revenue Agency charitable registration and reporting purposes.

All of these steps are being taken to increase the efficiency with which we can process financial transactions and make our reporting more timely, to reduce the impact on our environment through the use of electronic, rather than paper transactions, to reduce the administrative burden on ministry units, and to make more and better information available for reporting to stakeholders, both internal and external.

For back issues and more information, please [click here](#) to go to our webpage

It's Camp Time

Almost all of our camps run some form of canteen and tuck shop. While the dollar value is often small, there is a sizable investment in inventory as well as a cash float and sales proceeds to keep secure. The Finance department recognizes that it is not feasible to implement complex point of sale systems for these activities. As an alternative, we recommend the following to help account for canteen funds. These guidelines apply to any situation where items are purchased for resale in small quantities.

Inventory Controls

- Keep all inventories under lock and key with limited accessibility. The inventory should be managed by one person.
- Have an opening inventory list. For example 500 candy bars, 500 bags of chips, 200 ice cream bars, etc.
- Keep a log of all items purchased, together with cost and selling price. Keep inventory to a minimum number of items.
- Keep extra inventory in a secure locked location.
- Restock inventory at regular points back to its original level. Person in control of inventory should reconcile sales report and cash collected to depleted inventory, noting any discrepancies.
- Reduce inventory to reflect sales and new purchases.
- Keep a log of all items given away. For example, canteen gifts should be journalized from the canteen expense to a gift expense account.

Cash Controls

- Use a cash register if possible and reconcile cash to register totals on a daily basis.
- Create a daily sales report to track sales.
- Make frequent bank deposits.
- Reconcile deposits to sales reports.
- Ensure cash is stored in a secure location. Camps should have a safe on site to store cash.

Other Considerations

- Access to the canteen / store should be limited (i.e. only a few trusted staff should have the key to the store).

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- Use a single expense account to record inventory purchases (62001).
- Use a single revenue account to record cash sales (57009).
- Normally GST/HST is not required to be collected / remitted if sales volume is low. Check with the Finance department if unsure.

Tax Receipting: Donations of Used Furniture

This continues our series of articles based on material in the new “Charity” section 9 in the Territorial Finance Manual (TFM). In this article, we provide guidelines when an official tax receipt is requested for a donation of used furniture. These are as follows.

1. Determine the FMV of the item(s) being donated.
2. Obtain the donor’s full name and address.
3. If an official receipt cannot be issued immediately, we recommend that a non-charitable receipt be issued (see TFM 090202). Give the original of the receipt to the donor, clarifying that this is not the official donation receipt.
4. If official receipts are usually issued from another location at the ministry unit (e.g. the unit’s administration office) a *Request for Official Donation Receipt Form* (see TFM 0903) should be completed and submitted to the issuing office. Include as much detail as possible when completing the 'Description of Donated Items'.

Examples of acceptable descriptions:

Dining set. Indicate how many chairs, the material of the set (solid wood, aluminum, etc.), how many leaves, the material of the chairs (fabric covered, leather covered, etc.), dimensions, etc.

Wheelchair. Include the serial number (if applicable), the type or brand of wheelchair, whether motorized, its condition, etc.

Recliner chair. Include the brand (La-Z-Boy, Ikea, etc.), the type of fabric, its condition, etc.

5. Furniture items should be valued based on the furniture pricing guidelines developed by NRO for use in its stores. These guidelines are included in TFM 090211.3.
6. If any item is deemed to have a value greater than those guidelines, a cash register tape (Thrift Store) or sales receipt (other) with the sold price must be attached to the request form. (This may take some time and the donor should be notified of the wait).
7. If a business owner would like the official donation receipt issued in his/her name instead of the company’s name, a *Donor Declaration Form* (see TFM 0903) must be completed in full by the donor. Receipts to incorporated companies will be issued in the company’s name only.

Did You Know? Update on Merger of Accounting Bodies

We reported in October 2014 that the three national accounting bodies in Canada – the Canadian Institute of Chartered Accountants, the Certified General Accountants Association of Canada, and the Society of Management Accountants of Canada – had agreed to merge, under the banner of Chartered Professional Accountants of Canada, or CPA Canada. We noted that because the provinces regulate the accounting profession in Canada, provincial legislation was needed to complete the process, and each province has its own legislative schedule.

To date, unification has been completed in four provinces, CPA legislation has been passed in two, and unification legislation has been introduced in two. Once unification is completed in all provinces, more than 190,000 members will hold a Canadian CPA designation.



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

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



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Money & Mission Editorial Team

Managing Editor:

Alister Mason

Senior Editors:

Patricia Dunbar

Paul Goodyear

Design Editor & Production Manager:

Emilia Kangasjarvi

French Translator:

The Salvation Army Translation Department