

A publication of the Finance Department, The Salvation Army Canada & Bermuda Territory.

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Money & Mission



Editorial

Integrity

The Salvation Army Canada & Bermuda Territory's core values statements include integrity, which is explained as "We are honest, trustworthy and accountable." Honesty and trustworthiness go hand-in-hand with integrity. You can't have one without the other two. But what about accountability? Of course, it is important, but is it related to integrity in the same way as honesty and trustworthiness?



Giving Hope Today

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IN THE NEWS:

THE CHURCH NEEDS BUSINESS –Writing in America Magazine, Jesuit priest James Martin suggests that the Jesuit order should drop a year's study of philosophy for seminarians and replace it with business instead. "When you think of the likelihood that a Jesuit will one day be running a parish or school, Adam Smith is more important than Immanuel Kant. Pity the priest who finds himself presented with a sheaf of financial statements, without knowing what a debit or credit is" (America Magazine, December 19, 2013).

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.

Subscription:

I confess that when I was first introduced to our value statements, I thought we had this one wrong. I've changed my mind. I have come to the conclusion that accountability is not just related to integrity, it's an essential part of it. Without accountability, there can be no evidence of integrity.

Accountability is the 'proof in the pudding' that we are who we say we are. When we say we are honest and trustworthy, it allows others to see that it is so.

How often have we encountered individuals who proclaim their integrity, but are wary about demonstrating their accountability? Yet holding ourselves accountable is the best way to show our integrity. More than that, when you have integrity, there's absolutely no reason to fear accountability.

It is hardly surprising that integrity would be one of the Army's core values. But I am really glad that we recognize the essential connection between integrity and accountability.

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For more information about the Finance Department please see visit <http://salvationist.ca/departments/finance/>.

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The voice of The Salvation Army

Special Feature

Budget 2014/15

On March 5, 2014, the Territorial Finance Council approved the territorial and divisional budgets for 2014/15. Highlights from the budget include:

- The territorial budget is balanced for 2014/15 and for each of the following five years to 2019/20.
- Celebration is one of the Army's core values; the territorial budget provides \$600,000 in 2014/15 and \$1.1 million in 2015/16 towards the costs of the 2014 territorial congress and the international congress in 2015.
- The budget for 2014/15 includes \$930,000 for the replacement of the territory's financial systems.
- National Recycling Operations will pay dividends of \$3.4 million and expects to distribute over \$2 million of free product to ministry units.
- The territory will contribute \$750,000 to the international pension scheme which

provides allowances to retired officers in territories that would otherwise not be able to fund them.

- Booth College will establish a leadership training centre on campus, funded 50% by the territory, and 50% by the college.
- \$200,000 has been added to the Internal Audit Department budget to hire additional auditors, allowing for more audits.
- Divisions will make grants and allocations to ministry units totalling \$46.7 million, an increase of 1.7%.
- On average, divisions will fund 10.5% of the budget of ministry units. At 7%, the Prairie division is the lowest, while the Bermuda division is the highest at 37%.
- Divisions will make capital grants for building projects of \$22.5 million, compared with \$7 million in the current year.
- 210 of the territory's 304 corps, or 69%, are projected to be self-supporting, down from 73% this fiscal year.
- 52 ministry units are projecting deficits in excess of \$1,000, down from 66 in

the current year. The average projected deficit is \$49,000.

- 155 ministry units are projected to end fiscal 2015 with reserves below the target 25% of their operating budget, or sufficient to fund three months' operations.

Accounting & Financial Reporting Focus

Preparing for Year-end

In our last issue, we listed a number of tasks that ministry units need to complete to ensure they are prepared for year-end. With year-end fast approaching, this issue contains a list of key responsibilities for audited units as well as an updated timeline for both audited and non-audited units. If you have any questions or concerns about your audit responsibilities or year-end timelines, please contact Justin Yantha, Manager of Financial Reporting and Analysis at Justin_Yantha@can.salvationarmy.org. As well, the consolidation team can be consulted at any time on accounting treatment,

disclosure issues or any other matters related to the consolidation process. The team can be reached via e-mail at THQ_Consolidation@can.salvationarmy.org and will be pleased to work with ministry units to resolve any questions or issues. Everyone's support is needed to continue to improve the consolidation process, and to ensure both a successful audit and year-end. We would like to thank you in advance for all your efforts and continued support.

Key Responsibilities for Audited Ministry

Units:

1. By now, ministry units requiring an external audit should have been contacted by their auditors to confirm an audit timeline. If you have not heard from KPMG or your local auditor, please contact the consolidation team immediately.
2. Prepare all financial statements and note disclosures before the arrival of the external auditors.
3. Ensure that all account reconciliations are completed and up to date.

4. Post all audit adjustments and reconcile the reports from your accounting system to the audited financial statements immediately after your audit is completed.
5. Ensure that key personnel are available during the audit to answer the auditors' questions in a timely manner so that deadlines are met.
6. Arrange for Executive Directors to be available during the audit to discuss their unit's financial statements and fiscal 2014 operations with the audit manager or partner.

**Please note that ministry units whose accounting is performed by the finance department will not be responsible for the first four items as we will take care of these on your behalf.*

Year-End Timelines for Ministry Units:

<u>Date</u>	<u>Task</u>
March 22-31	No cheques issued to related parties (THQ, DHQ, NRO, other MUs)
April 1-16	Account Reconciliations, accruals calculated and recorded, General Ledger reviewed

April 7	THQ Loan Statement and THQ Accounts Receivable balances provided to Ministry Units
April 8	Preliminary deposit account statements sent to ministry units
April 11	March MSA calculation completed and communicated to ministry units
April 14	Final deposit account statements sent to ministry units
**April 16	General Ledger closed by audited units
**April 25	Draft financial statements and notes ready for audit
**April 28	Audits commence
May 2	General Ledger closed for all non-audited units
**May 16	Final date to send THQ final draft of audited statements
**May 21	External audits completed and all audited financial statements finalized
**May 23	Audit adjustments posted to Shelby

*** These dates apply only to ministry units that are externally audited.*

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