ISSUE

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Money & Mission

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Did You Know?

The earliest financial statements in the Territory were sold for ten cents a copy. Here's an extract from *The War Cry*, January 3, 1885:

"Look Out! The Army's Public Balance Sheet, or Advance, will be ready shortly, showing an account of all monies received and expended by Headquarters since Major Coombs took command of the Forces in Canada, together with other interesting information, and Salvation stories of recent conversions in the Army. If you want to know where the money goes, get one, 10 cents each. Send order along to 15 Esther Street, Toronto."

Editorial

"Doing more with less" seems to be the mantra that charities are hearing from the public today. Historically, The Salvation Army has done well in keeping management and fundraising costs low so that more money goes directly to charitable programs and services. For some time now, we've been using the expression, "minimize administration, maximize mission" to describe our goal of keeping overhead as low as possible and maximizing funds available for programs.

Efficiency in all of our administrative functions is critical to achieving this goal. That's why I'm particularly proud of the finance department's regional accounting services. Over the past thirteen years, we've demonstrated that quality accounting and financial reporting service can be provided centrally at a fraction of the cost that would be required for every single ministry unit to retain appropriately qualified staff themselves. So, to each of our ministry unit clients, thank you for partnering with us to reduce costs and improve the quality of the Army's financial reporting.

Consolidation Update

As this issue is being prepared, external audits of individual ministry units are wrapping up, and financial statements are being finalized. KPMG has completed its audits of divisional headquarters as well as special audit procedures (required for consolidation) at selected units that are not normally externally audited. The external audit of territorial headquarters is in its final stages, and work is starting on consolidating financial results from ministry units.

Generally, the process has gone fairly well to date. External audits of ministry units are being completed earlier than in prior years, with minimal issues. Some ministry units have experienced problems either complying with accounting standards or finalizing their books in accordance with the territorial timelines for consolidation. As a result, these units can expect further discussion with DHQ and THQ in the days ahead with respect to their ability to maintain their own accounting and financial reporting functions.

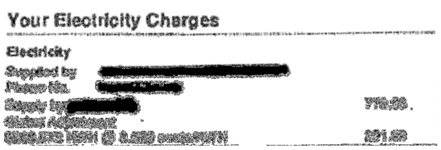
Energy Contracts – Are They Worthwhile?

With deregulation of energy markets in many provinces, many of us have been confronted by aggressive sales people from energy retailers. They all claim that they can save us money on our electricity or gas bills if we sign a fixed rate contract. And their tactics are successful. Our accounts payable staff is seeing an increasing number of fixed rate contracts with third party energy retailers. But can these contracts really save you money. The evidence suggests no.

The rationale for signing with an energy retailer is to secure a fixed rate for energy supply rather than paying variable rates to the local utility. In a recent investigative report, CBC Marketplace found that consumers do not save money by locking in rates, in the majority of cases. CBC compared the very best rates offered by gas and electricity retailers to the rates of public until ties. Since 2005, consumers in Ontario with fixed rate electricity contracts have paid more, fully 100% of the time. Over a ten year period, consumers with fixed rate gas contracts paid more, 44% of the time.

We, too, have noted a significant increase in the cost of energy as a result of fixed rate contracts at a number of quarters and ministry units. In some cases, we have found that the individual who signed the contract was unaware that he/she had done so.

Since many energy retailers use high pressure, door-to-door sales tactics, it is not always clear what you are being asked to sign. If you are not sure whether or not you have signed an energy contract, check your next utility bill. Your bill will still be sent by your local utility, but there will be a reference to another company, as in the example below.


Your Electricity Charges

Electricity

Supplied by [redacted]

[illegible] [redacted]

[illegible] [redacted] [illegible]

[illegible]

[illegible] [illegible]

Retailers do not always tell you that their contracts only cover the supply portion of the bill i.e. the electricity or gas you actually consume. Your local utility still provides and bills for transmission and delivery of energy to your door. These costs can be quite high.

So is it worth it to sign an energy contract for your quarters or ministry unit? We don't believe so.

Watch for more on energy contracts in our next issue of Money & Mission. We'll outline some other things to consider if you are approached about signing an electricity or gas contract.

Automated Data Transfer from Shelby to SAMIS

In consultation with the finance and corps ministries departments, the IT department has recently automated the transfer of financial data from Shelby to SAMIS. This is a welcome move, since it means that ministry units no longer have to manually update key financial information to SAMIS. Now, after completing month-end procedures in Shelby, you can select a simple "import" option in SAMIS to transfer the required information from Shelby.

If you are a client of one of the finance department's regional offices, your month-end will be completed by the 10th working day of the following month. You can import financial data into SAMIS at any time after that date.

To facilitate thrift store grants, we have created a new, unique inter-departmental transfer account (511400 Inter-departmental Thrift Store Grants) in the chart of accounts. Please add this account to Shelby and use it for all thrift store grants, effective April 01, 2011.

Accounting Bodies Discuss Merger

On May 24, 2011, the Canadian Institute of Chartered Accountants and the Certified Management Accountants of Canada announced that they are discussing the merge of their organizations. A joint release states that the "profession is currently facing an unprecedented need to change if we are to meet the evolving and future needs of our members and our stakeholders." The release cites convergence of accounting and auditing standards, increasing international labour mobility, and the emergence of global accounting designations and alliances as the key reasons to consider a merger. The Certified General Accountants of Canada have been approached about joining discussions, but, so far, have declined to participate.

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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