

Money & Mission



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Did You Know?

The average ministry unit in Canada has a total operating budget of just under \$1 million, and receives funding from divisional headquarters (including Red Shield allocations) equal to 10% of its budget. Based on budget, the largest ministry unit in the territory is the Toronto Grace Health Centre (total expenses of \$19.6 million in fiscal 2010).

Editorial

Why Money & Mission? Those of us who spend most of our time managing financial resources and issues understand that money does not (and should not) drive mission. However, much of what we can achieve in our mission is dependent on wise use of the monetary resources that are entrusted to us. In this way, money and mission are inextricably linked, and we think it's important

to acknowledge that linkage. Those of us who help manage the organization's monetary resources are just as concerned about mission as those who serve on and support the front lines of our operations. While this publication focuses on financial issues, they are issues that are essential to the successful achievement of our mission.

Year End For Ministries That Are Not Audited

In the last issue of Money and Mission, we talked about the responsibilities and key dates for ministry units that are externally audited. But what about ministries not requiring an external audit? They, too, have an important role to play to ensure our territory's consolidated financial statements are issued on time.

If your ministry does not require an external audit, your responsibilities include:

1. Current financial data – ensure your accounting system reflects all current transactions, with timely posting and general ledger closing.
2. Clean balance sheet – comply with current accounting standards in your records of assets and liabilities (for guidance, refer to our article on assets and liabilities in issue #2).
3. Account reconciliations - ensure that
 - a. Your bank reconciliation is current
 - b. Your deposits (GDA, CDA and PMA) tie to the corresponding deposits at THQ or DHQ
 - c. You maintain your capital assets continuity schedule
 - d. Your accounts payable and loans payable to THQ or DHQ reconcile to their balances

e. You support other asset / liability accounts.

4. Year-end accruals – record expenses when they are incurred, regardless of when they are actually paid. Similarly, record revenue when it is earned rather than when it is actually received.

Key Dates:

March 25 – March 31	During this period, do <u>not</u> issue any cheques to related parties, including THQ, DHQ or other ministry units ¹
April 8	THQ/DHQ send your accounts receivable statement
April 11	THQ /DHQ send preliminary deposit account statements
April 19	THQ/DHQ send final deposit account statements
May 13	Your general ledger closes, with no further transaction posted in your accounting system

¹ Required to minimize differences in inter-company transactions because of items that are in transit.

Territorial Chart of Accounts

Did you know that there is a standard chart of accounts for all ministry units within the territory? This significantly improves the ease with which information can be consolidated. It makes the presentation of financial information consistent from one ministry unit to the next. As staff move from one ministry unit to another, the base for financial reporting remains the same. But what does it look like?

The base accounts are six digits in length and are organized into 6 major groupings as follows:

- 100000-199999 - Assets;
- 200000-299999 - Liabilities;
- 400000-499999 - Fund balances;
- 500000-599999 - Interdepartmental transfers;
- 600000-699999 - Income;
- 700000-799999 - Expenses.

In addition to the base accounts, there are standard 3 digit department codes to identify the various departments of a ministry unit. There are also 3 digit company numbers and 3 digit fund numbers that can be combined to uniquely identify any ministry unit.

If we put it all together, the following chart of account combination uniquely identifies a \$200 postage expense for the senior corps of a ministry in Saskatchewan.

Company Number	Fund Number	Department	Account	Amount
304	000	200	721500	\$200.00

Please refer to section 2 of the Territorial Finance Manual for full details of the territorial chart of accounts.



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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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Who's Who

MAISIE WONG is assistant financial secretary at territorial headquarters. A chartered accountant, she worked in the public and private sectors before taking time off to raise her family. Maisie joined the THQ finance department in 1999 as chief accountant. Since then, she has served both as controller and senior director before assuming her present role in 2007. Maisie's portfolio includes taxation, compensation and benefits, and working with the financial secretary on all financial management issues. She is also the secretary of the territorial finance council. Maisie and her husband have four adult children. When she is not working, Maisie enjoys traveling.



Maisie Wong
Assistant Financial Secretary

Gift Cards

During recent years, The Salvation Army has made increasing use of gift cards, especially as part of its Christmas relief efforts. Last year, the Army distributed gift cards with an estimated value of over \$1.5 million. Gift cards represent real cash value and their use involves the same risks as cash.

We expect to issue a policy on the use of gift in the near future. In the meantime, here are some general guidelines to follow:

- Similar to petty cash, store gift cards in a secure location until distribution. Keep cards in a locked cash box that, in turn, is stored in a safe.
- Appoint a single staff member as custodian of the gift cards.
- At the date of acquisition, record the full value of the gift cards on your books as an asset, regardless of whether they were purchased or received as a donation.
- Maintain a detailed list of all gift cards (including serial number and dollar amount) and document their use.
- As they are used, transfer gift cards from the asset account to the appropriate expense account in your financial records.

Please contact Arnold Adey at arnold_adey@can.salvationarmy.org if you would like to receive sample forms we have developed to assist in managing gift cards.