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Money & Mission

this issue

Editorial

Some say that budgets are a waste of time. I say, absolutely not! The budget is a key management tool that serves an extremely valuable purpose if it is used appropriately.

The budget is the test of what we say is important to us. If we say that outreach and evangelism are what we are about, then there should be clear evidence of resources dedicated to outreach activities and programs in the budget.

The budget is the quantification of the strategic plan. More than that, it articulates clearly in uncompromising terms how serious we are about the plan. If the strategic plan calls for more meals to the homeless as one of the strategies for coping with homelessness, the budget should include additional resources for food and other costs related to serving meals. If it doesn't, we are not serious about the plan.

During the last month, my colleagues and I have focused on reviewing budget submissions from THQ and DHQ entities, as well as ministry units. Some budgets show evidence of careful thought and planning. Others . . . well, that's another story. To those who put significant effort into your budgetary planning process, thank you. To those who did not, well, there's always next year. And, if you need help with your budget preparation, you can always contact the Finance department at THQ for assistance.

In this issue, we are providing you with information about the territory's budget for fiscal 2014. This will give you a picture of the territory's financial health and how we are doing against our targets. Overall, we are in good shape and progressing steadily towards our goal of balanced budgets. However, there is still work to be done in increasing the number of ministry units that are self-supporting and that have sufficient reserves to cover operations.

Special Feature – Budgets 2013/14

At its meeting of March 6, 2013, the Territorial Finance Council approved budgets for fiscal 2014, as well as a five-year forecast for the THQ budget for 2015 to 2019. As far as we are aware, this is the first time that a five-year budget has been prepared.

Territorial and Divisional Headquarters

The budget for THQ and DHQs is balanced for 2013/14 (for the fourth year in a row!) and in each of the succeeding five years. These budgets contain a number of new initiatives or programs including:

- Training in areas such as workplace health and safety, abuse and harassment;
- Three marriage enrichment seminars per year to help officers cope with the demands of ministry while keeping their marriages strong and healthy;
- Implementation of a new performance evaluation system for officers and employees;
- Video conferencing facilities to be established at THQ, DHQs and other key sites to help improve communication while keeping travel costs down;
- A Territorial Congress in June 2014 in Toronto and an International Congress in July 2015 in London, England;
- Replacement of the finance department's accounting systems;
- A new national planned giving strategy; and
- The establishment of a school for continuing studies at Booth University College to assist the territory in training for lay and officer leaders.

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Special Feature – Budgets 2013/14 (..cont)

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The budget for 2013/14 calls for income and expenses of $60.7 million, with a nominal surplus expected at year-end.

Key sources of income are: Management Support Assessments ($17.2 million), Investment Income ($12.9 million), Legacy Income ($12.0 million), Officer Benefit Levy ($8.4 million), Accounting Fees ($3.9 million) and dividends from National Recycling Operations ($3.2 million).

Key areas of expenditure include: Territorial Headquarters operations ($27.2 million), Divisional Headquarters operations ($11.0 million), Support for Ministry Units ($18.6 million), new initiatives and programs ($1.9 million) and support for the international Army ($1.4 million).

Divisions

In total, the nine divisions in Canada and Bermuda will make operating grants of $45.9 million (up 11.1%) to budgets totaling $425.7 million (down 0.6%) in 2013/14. The average grant represents 10.7% of the ministry unit's funding, up from 9.6% in the prior year. This increase is largely the result of grants to help ministry units that are unable to meet the required reserve target on their own.

The highest grants by division are in Bermuda (37% of ministry unit funding), Quebec (25%), Alberta (14%) and the Maritimes (14%). Newfoundland and Labrador follow at 11%, while the remaining divisions are all at 8%.

48% of the operating grants are for social services, 23% for family services, 8% for health services, 9% for corps, and 11% for other (which includes camps, thrift stores and all other operations).

In addition to operating grants, divisions have committed $7.0 million for upcoming capital projects, compared to $7.2 million this fiscal year.

Overall, there is an aggregate deficit of $2.4 million across divisions, down from $4.8 million in the prior year. All divisions are projecting deficits with the exception of Ontario Central East, Ontario Great Lakes and Quebec.

All but one division has accumulated sufficient unrestricted and uncommitted reserves to meet the territory's reserve target of three months' operations.

Ministry Units

There are now 224 corps units in the territory that can be classed as "self-supporting", or 73% of all corps. The definition of "self-supporting" is that they receive no funding from outside the ministry unit other than that which can be justified by demonstrable community services. The territory has plateaued at the 73% level where it has remained for the last few years. As a result, it will require renewed efforts to ensure that all corps are progressing towards self-supporting status. Of course, we recognize that some corps that minister primarily to low-income families may not achieve full self-support, but the goal is to increase the level of self-support as much as possible.

The number of ministry units projecting deficits in the year ahead has decreased to 65 from 81 in the current year. The average deficit projected has also decreased, from $59,000 to $49,000.

Sixteen budgets from ministry units projecting deficits and no means to fund them were not approved. The finance department will work with the divisions and ministry units concerned to ensure that the budgets are revised appropriately.

Analysis of ministry unit fund balances at December 31, 2012 indicates that 172 units do not meet the three month target, compared to 184 in the prior year. The finance department will be surveying divisions to confirm plans for accumulating the required reserves by March 31, 2017.

Giving Hope Today

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Comments, Suggestions?

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