

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

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Money & Mission



Editorial

FORGIVENESS IS BETTER THAN PERMISSION

No doubt you have heard someone say it; perhaps you have said it yourself.

“Forgiveness is better than permission.”

Really? How? No, this is . . .there are no other words for it. . . utter nonsense.

It is not a strategy to set out to do something you know is wrong or beyond your authority with the attitude that, if you are caught, you will ask for forgiveness. It is deception. It



Giving Hope Today

Volume IV,
Issue 8
January 15, 2014

IN THE NEWS

JUDGE STRIKES DOWN CLERGY HOUSING ALLOWANCE

--- A ruling in the U.S. suggests that the clergy housing allowance is unconstitutional since it provides a benefit to religious persons and no one else, even though doing so is not necessary to alleviate a special burden on religion. If upheld, this ruling would have a significant impact on the income tax situation of clergy of all denominations (Source: Christianity Today).

CANADIANS EXPECT TO WORK LONGER

--- Almost one in seven Canadians expects to work to age 70, says a recent survey. It shows that 15% of Canadians believe they will be working at least until the age of 70 and 9% believe they will never be in a position to retire. While the situation appears worse in the U.S.---one in five Americans believe they will have to work to at least age 70---it is rosier in China, Hong Kong and Brazil, with 78%, 45% and 42%, respectively, saying that they expect to retire before age 65. In fact, across

lacks integrity, no matter how noble you think the end purpose.

Do you take time to think that the rule or policy you think is silly (and may be tempted to ignore) could have a bona fide reason that you simply haven't considered?

Polices are not developed in a vacuum. Those of us who are involved in the development and articulation of policy to help guide the organization are as much concerned about the mission as you are. We have a different vantage point: our concern is primarily for the mission of the whole, as opposed to the dimensions of the mission where you are, even though we're concerned about that too.

If you think a policy doesn't fit your circumstances particularly well, tell us. It may be that we missed something in the drafting. If so, we'll apologize and fix it. Or, it may be that we can help you understand the reasons behind the policy and why it's necessary in your context.

Accounting & Financial Reporting Focus

CASH BUDGETING

Many of our readers are now fully engaged in preparing next year's budget. We're pretty much accustomed to preparing operating budgets and

all markets surveyed, 38% of workers think they'll retire by age 64, compared to just 30% of Canadians (Source: Benefits and Pensions Monitor)

DID YOU KNOW?

70% of organization initiatives ultimately fail. That means that if you have a success rate of more than 30%, you're doing better than average!

QUOTES WORTH REPEATING

"We must reject the idea—well-intentioned, but dead wrong—that the primary path to greatness in the social sectors is to become 'more like a business'. Most businesses—like anything else in life—fall somewhere between mediocre and good. Few are great. When you compare great companies with good ones, many widely practiced business norms turn out to correlate with mediocrity, not greatness. So, then, why would we want to import the practices of mediocrity into the social sectors?" —Jim Collins, *Good to Great and the Social Sectors: Why Business Thinking is not the Answer*.

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:

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most of us can even tackle a capital budget when we need to. But, have you ever thought of preparing a cash budget?

A cash budget takes the elements of both the operating and capital budgets and attempts to estimate when the related cash flows will take place. A cash budget can be prepared for any time period, but, in most cases, a ministry unit will find it helpful to prepare one on a weekly basis. By assigning cash inflows and outflows to particular weeks of the year, we can easily see whether cash will be available or not.

If you have adequate cash reserves on hand, you will find that a cash flow budget will help you determine just how much you really need to keep in your local bank or cash account and how much can be placed in your deposit account to earn interest.

If you have inadequate cash reserves, a cash budget will help you determine whether you actually have adequate cash for your operations or whether there is going to be a point in the year when you are likely to incur an overdraft. Knowing this in advance can be helpful, not only to time certain expenditures for when there is cash available, but also so that you can engage your DSBA and the finance department in a discussion about how to handle an expected overdraft.

Want to prepare a cash budget, but need help? Contact your DSBA. He can arrange for someone from his staff or the finance department to provide assistance.

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Policy Perspective

TARGET RESERVE POLICY

Most readers will be aware that the Canada & Bermuda Territory has formally adopted a policy requiring each ministry unit to have unrestricted and uncommitted reserves equal to at least three months' operations. In other words, they should maintain reserves equal to 25% of their annual operating expenditures. Ministry units have until March 31, 2017 to achieve the target reserve level in some fashion.

In some instances, ministry units will achieve the reserve level by generating surpluses in their annual operations. In other cases, divisions are supplementing the ministry units' efforts by making one-time grants. Some ministry units have difficulty generating surpluses due to claw-back provisions in funding agreements. In these cases, the division may be able to set up a reserve on its books to meet the three-month reserve requirement.

As of September 30, 2013, 52% of ministry units (239) had achieved the target reserve level, 36% had some reserve, but not yet at the target level while 12% (52 units) had no reserve. If you have already achieved the target reserve level, congratulations and thanks for your efforts! If you are not there yet, make sure you have a plan to get there by March 31, 2017.

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Giving
Hope
Today

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