



**ECHELON**  
MOBILIZING THE NEXT GENERATION

# **ACCOUNTING PROCEDURES AND CHART OF ACCOUNTS FOR ECHELON CHAPTERS**

## **ACCOUNTING PROCEDURES**

### **Banking Account**

The bank account used for Echelon will be combined with the operating bank account of the local Salvation Army unit. Echelon chapters will not have bank accounts independent of the local operating account.

### **Accounts Payable**

The Echelon Treasurer/Chairperson should acknowledge and submit all invoices to be processed for payment to The Salvation Army representative/supervisory location for approval. Once approved, The Salvation Army representative will forward the invoices to the centralized accounting office for processing.

### **Approval Processing**

All expenses for the Echelon program should be processed through the supervisory location. The supervisory locations will follow location and command approval processes as outlined by the command.

### **Check Writing**

Check writing will follow the location's normal check writing procedures. No manual checks will be issued.

### **Deposits**

There are three methods chapters can use to make deposits.

1. Deposit funds into the local operating account and submit the bank validated deposit slip to the accounting office.
2. Turn funds over to The Salvation Army representative. The Salvation Army representative will deposit funds into the local bank account with a note specifying the Echelon Fund.
3. Turn funds over to The Salvation Army representative. The Salvation Army representative will present the funds to the accounting office. The Centralized Accounting office will record the funds in the Echelon Fund.

### **Gifts-in Kind Calculation**

The donor of the items must disclose the value of the donated items. This documentation must be with on file with the Central Accounting Office. Gift cards should be recorded at face value according to Salvation Army Policy.

### **Reserves held at DHQ**

If an Echelon chapter wishes to establish cash on deposit, the cash on deposit will be kept at the command headquarters with a reserve account designated as Echelon.

### **Endowments or Large Restricted Donations**

If a chapter wishes to establish an endowment or a large, restricted donation, this donation needs to be processed through the CRD department at command headquarters similar to other donations.

### **Monthly Reports**

The Echelon Treasure/Chairperson will receive a detail general ledger, balance sheet, and an income statement on a monthly basis. These documents will be released around the 12th business day of the month.

## **CHART OF ACCOUNTS**

\*Please note that the account codes represented in this guide are indicative of the Eastern Territory and may not reflect the codes used in the Western, Central, and Southern Territories.

### **ACCOUNTING CODE**

#### **Accounting Funds**

The account fund will be identified by the command identifier, the location identifier, and end with the purpose identifier.

Example: Command Identifier GNY will represent the Greater New York Command  
Location Identifier 010 will represent the Middletown New Corps  
Purpose Identifier 94 will represent Echelon  
Combined, the fund will be GNY01094 for the Middletown Echelon Chapter

#### **Accounting Department**

The two departments that should be used in Echelon are  
0000 Balance Sheet  
4144 Advisory Board/Echelon

### **ACCOUNTING GENERAL LEDGER ACCOUNTS**

#### **Account Number 1001 - Cash in Bank**

##### **Master Definition**

To record the available cash balance in a Salvation Army checking or savings account. These may include interest-bearing accounts such as NOW (Negotiable Order of Withdrawal) accounts and group activity accounts, as well as accounts for separate stores or government programs.

#### **Account Number 1007-Temporary Cash Advances**

##### **Master Definition**

To record amounts from official funds temporarily advanced to individual officers or employees for payment of incidental official expenses and short-term travel costs.

#### **Account Number 1009 - Other Funds - Cash Equity**

##### **Master Definition**

Computer-generated accounts that track the cash balances attributable to each fund in a multi-fund ledger that is being operated from a single bank account. The sum of all cash equity accounts in a ledger must always equal zero.

These accounts are usually part of a computerized accounting system sub-program which tracks all transactions between funds and automatically adjusts the cash balances in each fund. No manual entries or journals should be made to any of these accounts.

#### **Account Number 1201 - Accounts Receivable - Automated Systems**

##### **Master Definition**

To record only amounts receivable that are generated by an automated billing system.

## **Account Number 1202 - Accounts Receivable - Non-Automated Billings**

### **Master Definition**

To record only amounts receivable that are not generated by an automated system.

## **LIABILITIES**

## **Account 2001- Accounts Payable - Automated Systems**

### **Master Definition**

This account is used to record only amounts payable that are generated by an automated billing system.

## **Account Number 2002 - Accounts Payable - Non-Automated Systems**

### **Master Definition**

This account is used to record only amounts payable that are not generated by an automated system.

## **Account Number 2501 - Deferred Revenue**

### **Master Definition**

To record revenue received in one fiscal period for goods or services to be provided, in whole or part, in the subsequent fiscal periods.

NOTE: Under no circumstances should contributions be recorded as deferred revenue.

## **FUND BALANCE**

## **Account Number 3901 - Current Year Surplus/Deficit**

### **Master Definition**

To record the surplus or deficit for the current accounting period, which is the difference between all the income and expense accounts for the period.

## **Account Number 3903 - Accumulated Surplus/Deficit**

### **Master Definition**

To record the net financial position in terms of working capital.

## **INCOME ACCOUNTS**

## **Account Number 4001- Donations - General**

### **Master Definition**

To record all cash donations for which the donor has no direct benefit.

## **Account Number 4012 - Restricted Donations**

### **Master Definition**

To record income that is restricted by the donor but is not restricted to a purpose that has a pre-defined account.

**Account Number 4050 - Gifts-in-Kind****Master Definition**

To record donations and solicitations of all gifts in kind only as they are placed into use in Salvation Army programs and as recorded in the gifts-in-kind subsidiary records. Guidelines established by The Salvation Army, either nationally or territorially, must be used for valuing such gifts and accurate records must be kept to substantiate all entries.

**Account Number 4055 - Contributed Services****Master Definition**

To record donated services at their fair value if such services create or enhance nonfinancial assets, would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing such specialized skills. Also enter the appropriate value of donated services of individuals which are recorded as an expense when such services qualify for cost reimbursement from third-party providers. An equal amount should be entered into the salary or professional fees account affected by the service.

**Account Number 4201 - Special Fund-Raising Events****Master Definition**

To record income from special fund-raising events which are not for a designated purpose such as World Services, Harvest Festival, or a specific Board Designated Fund.

**Account Number 6001 - Membership Dues – Individuals****Master Definition**

To record fees collected from individuals belonging to organized Salvation Army groups such as community centers, youth clubs, etc. where a membership fee is charged.

**Account Number 6801- Interest Income****Master Definition**

To record interest earned on checking and savings accounts and those deposits held at territorial or divisional headquarters acting as a bank which are allocated at a determined rate of interest. This applies to all units, including THQ and DHQ acting as a unit.

**EXPENSE ACCOUNTS****Account Number 8001- Professional Fees****Master Definition**

To record payment of fees to individuals or firms, not employees of The Salvation Army, who render specialized professional services to The Salvation Army, such as fees paid for medical and dental, psychological testing or counseling, rehabilitation and education, public relations and development, employment searches, professional accounting, or talent fees.

**Account Number 8103 - Educational Recreational and Craft Supplies****Master Definition**

To record the cost of materials and supplies purchased for educational and recreational programs. This may include adult and youth program aids, films, materials, youth publications, music and other educational supplies for craft classes, recreational programs and general youth and adult activities. In adult rehabilitation centers it may include supplies needed to provide

recreational activities for beneficiaries including such items as cable TV, newspapers, magazines, pet foods, films, etc., as well as supplies for instruction in crafts for clients, guests, and employees.

### **Account Number 8104 - Food and Beverages**

#### **Master Definition**

To record the cost of food and/or refreshments consumed in general activities, shelters, etc., for employees, activity groups, resident employees, and guests. This does not include food purchased for distribution through social service programs, which would be recorded under Financial Assistance in the 8900 account series. It also does not include food purchased for canteens or vending machines, which would be recorded under account 8108 - Goods Purchased for Resale. This would also include food and beverages purchased for use in the food service function of an institution.

### **Account Number 8106 - Office Supplies**

#### **Master Definition**

To record the cost of paper and other office supplies.

### **Account Number 8108 - Goods Purchased for Resale**

#### **Master Definition**

To record cost of goods purchased for resale in the furtherance of program services, e.g., canteen supplies, gift shop supplies. (This does not include supplies and purchasing, accounting or other inventoried sales operations).

### **Account Number 8110 - Kitchen, Dining Room Supplies**

#### **Master Definition**

To record the cost of dishes, glassware, silverware, paper napkins and other items for the kitchen and lunchroom, other than linen products, which are included in account 8105 - Laundry, Linen, and Housekeeping Supplies.

### **Account Number 8301 - Postage and Parcel Post**

#### **Master Definition**

To record the costs for postage, post office box rent, and shipping of items from The Salvation Army to another individual or company. (NOTE: Shipping costs which appear on an invoice for items shipped from another individual or company to The Salvation Army are included in the cost of that item and charged to the same account as the item is charged.)

### **Account Number 8401 - Facility Rent**

#### **Master Definition**

To record rent paid for office space or other facilities such as garages, parking space, etc., used in conducting program and/ or support functions.

### **Account Number 8501 - Rentals of Furnishings and Equipment**

#### **Master Definition**

To record the cost of renting furnishings or equipment for use in conducting program and/or support functions.

## **Account Number 8601 - Printing and Other Media Preparation**

### **Master Definition**

To record the cost of promotional materials, leaflets, periodic or annual reports, as well as material preparation and fees for other media productions, such as radio, video, etc. (NOTE: This will include the following items: Artwork, Photography, Recording, Films and Other Promotional Materials)

## **Account Number 8606 - Subscriptions**

### **Master Definition**

To record the cost of magazine subscriptions, newspapers and resource publications for staff use.

## **Account Number 8801 - Conference Attendance**

### **Master Definition**

To record all costs associated with attendance at a conference or special meeting, including cost of travel, meals and lodging, conference fees, etc.

## **Account Number 9001 - Organization Dues**

### **Master Definition**

To record cost of dues and meals for individual memberships of officers and employees in authorized non-Salvation Army organizations, including, but not limited to service clubs.

## **Account Number 9905 – Transfer to Corps Operations**

### **Master Definition**

This account will be used to record the funds sent to The Salvation Army Operating funds account.

## **Accounting Subcodes**

These subcodes will be used if the responsible location feels it needs to track a specific event or fund raiser. The format for assigning such subcodes is local fund numbers, Echelon code and two additional numbers.

Example: 010 means Middletown New York

94 means Echelon

xx will be determined by the command or location

Combined, the number will be 0109401 and will be linked to a unique Echelon event

## **Accounting Function Code**

The function code for Echelon program will be CCC Corps Community Center