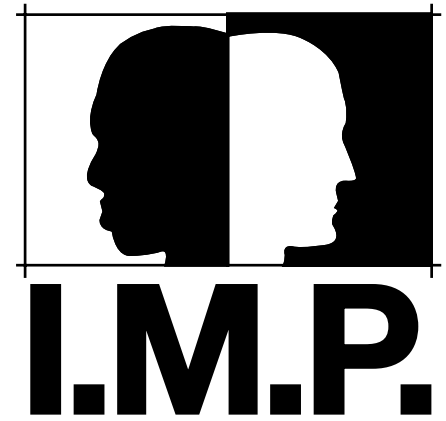


# Accounting procedures:

understanding how gifts are managed



## Introduction

I.M.P. believe that the Lord Jesus will provide for all the needs of His people in temporal as well as spiritual matters. As a mission, we have always found Him faithful in providing for our practical needs.

A part of our service to missionaries is to facilitate the supporting\* of them financially, and the main purpose of this document is to lay out our procedures for the practical management of gifts that we receive in this connection. Further, we will draw attention to the needs and likely expenditure of missionaries.

Using our service it is possible for supporters to give to I.M.P. missionaries, or other missionaries, provided the recipient is in basic agreement with the principles of I.M.P. In addition, we operate a child sponsorship scheme, called Forget-Me-Not, which enables regular giving for the support of needy children put forward by missionaries. It is also possible to give to I.M.P.

## Ways to give

There are six ways to give:

- By standing order, which is arranged by the donor between their bank and our bank
- By cheque
- By credit card
- By direct transfer
- Through a savings agency such as CAF or Stewardship Services
- Through another charity

Please note that we do not have the facilities for direct debit.

Whatever method is used, it is important for the donor to make clear for whom the gift is intended. We acknowledge all gifts received through the postal system, and each month inform recipients of gifts, indicating the amount and the donor. Therefore, if a gift is to be anonymous, we need to be informed.

\*It should be remembered that we *do not directly fund* missionaries associated with us. For further information on this policy and other aspects of our relationship to missionaries, please see our booklet *An Introduction to International Mission Project*.

## How we forward gifts to missionaries

During a given month we record the accounts on a spreadsheet from the bank statements, and we forward funds around the 15th of the month following. The details of the process are as follows.

Firstly, we record all gifts from the bank statements on the computer. This acts as an indicator to raise a payment to the missionaries for forwarding. There has been some confusion for donors in the past, because if we receive a gift late in the month by cheque (for example, after the 25th), it is unlikely to be recorded on that month's bank statements. This means it will not be processed until the new month and that the payment will not be made until approximately six weeks later; this is normal business practice, and it is impractical for us to make interim payments.

Below is an example using January 2007 as a typical month. On the spreadsheet we record the statement number, the date shown against the entry on the statement, the name of the donor, the amount given, to whom the gift is to be sent, and the amount and recipient of the tax if Gift Aid is applied (Gift Aid is explained below).

Statement no	Received	Statement date	Donor	Amount(£)	Recipient	Tax(£)	Tax to
100	1 Jan	5 Jan	Donor A	5	Person A	1.41	Person A
100	22 Jan	29 Jan	Donor B	100	Person B	28.20	Person B
101	24 Jan	1 Feb	Donor C	500	Person C	141.02	Person C
101	26 Jan	2 Feb	Donor D	1000	Person D	282.05	Person D
102	28 Jan	5 Feb	Donor E	2000	Person E	564.10	I.M.P.

Please note the following points relating to the chart:

1. Gifts A and B will be sent around 12 February, but gifts C, D and E will not be sent until around **12 March**.
2. Record E shows the tax has been allocated to I.M.P. at the request of the donor (see further below under 'Gift Aid').
3. The I.M.P. office staff do not go to the bank every day, so that after receiving a gift by post it may be four days before it is deposited.

Funds are then forwarded by cheque, International Transfer (this incurs a charge, which comes out of the gift), or BACS (similar to a standing order, but which allows for varying amounts).

## Gift Aid

HM Government kindly provides through the Charity Commission a generous service to charities for reclaiming tax on charitable donations. This has simple rules. Firstly, the charity to which the donor wishes to give has to be registered (I.M.P. is registered and our number is **1017386**). Then, if the donor wishes to use the scheme, and is a taxpayer, the charity provides a form to be filled in and signed by them. The charity is then able to claim back the tax on the amount donated; sample figures for reclaimed tax are given below:

Total gift in a year	Reclaimed Tax
£5	£1.41
£100	£28.20
£500	£141.02
£1000	£282.05

The allocation of the funds recouped by this method is, by charity law, under the control of the charity, not the donor, and the normal practice of I.M.P. is to send reclaimed tax money to the missionary. It is helpful if the donor indicates that this is their preference also, but we are open to requests to keep the reclaimed tax as a way to support I.M.P., which some people prefer. We only send the reclaimed tax to the missionaries once a year, at the beginning of the new tax year, usually in May.

The total amount to be reclaimed from the government must have been paid in tax by the donor in that tax year. If the tax claimed by the charity is greater than the tax paid to the government, then the government sends a bill to the donor, not to the charity; the charity is unable to refund the donor.

Sometimes we are asked about sponsored events. The trustees have decided not to offer our Gift Aid registration for such activities. We have no objection to people doing sponsored events, but we do not feel before the Lord that I.M.P. should be involved in them.

## Forget-Me-Not

Procedures for Forget-Me-Not differ slightly from those for the main account. Funds are managed as follows:

There are three basic rates at which a child may be sponsored (some people sponsor two or more children):

- £7 a month, which provides basic living needs, namely, food and clothes
- £12 a month, which provides the basics plus health care
- £17 a month, which provides the basics, health care and education

If a child requires emergency treatment in a life-or-death situation, then we will ignore the level of sponsorship to save the child's life.

We take out 10% from the donations for operating costs and keep the Gift Aid claims. Using the extra finance generated we are able to assist projects that will benefit children or those who run the scheme. We record all information about the child and donor on a database and then extract financial information as and when required. Funds are then sent in the same way as for the main account.

## The needs of missionaries

Below is a list of requirements for missionaries on which we have based an estimated cost of living for them; the resultant figures follow. The figures are based on information supplied by missionaries. Some examples of monthly costs will only show a generic figure, as costs inevitably differ from country to country.

Accommodation and housing needs	Air Fares	Children's education
Clothing	Employee costs	Food
Health care	Holidays	National Insurance
Office needs	Personal giving	Postage and Internet
Utilities		

### Estimated monthly costs

For a single person	£800–£1200
For a married couple	£1076–£1500
For a married couple with one child	£1100–£1800
For a married couple with two children	£900–£2000
For a married couple with three children	£1750–£3000

There are some missionaries whose income is seriously inadequate to meet their needs. The result is that they do not take holidays and trust they will not incur any medical costs; they also eat only the basic foods and cease paying pension and National Insurance. Although we as a mission advise in principle against taking this kind of action, missionaries often have no choice but to make these decisions. Those with children can choose to home school and thus reduce their monthly expenditure. Some missionaries have a house in their home country which they rent out to provide income, but we stress that this provides a very small percentage of what is required. If they do not own a home, they may face the added pressure of great difficulty setting up home again on their return, given the uncertain nature of housing markets. A missionary also generally wants to give to others. Giving is good for our souls and brings joy and fulfillment, but missionaries can be robbed of the opportunity to give while they seek just to survive.

We do not know a missionary who complains, *but we do know many who suffer*: this can be so easily rectified by monthly giving.

For those wishing to give, please contact us at 0113 234 3013