



Diocese of Toronto
Anglican Church of Canada

**Churchwardens Parochial
Return Handbook**

The information contained in this handbook is intended as a guideline for congregations to aid in understanding how to complete the Churchwardens Parochial Return (CWPR). Canon 4 provides the basis for these guidelines and is the source document for resolving disputes. The complete Canon can be found by going to www.toronto.anglican.ca and clicking on *Churchwardens Toolbox/ Constitution and Canons*.

Your contact for the CWPR in the Diocesan Office is

General Accountant, Ms. Claire Wilton

Phone: 416-363-6021 ext. 239

Toll free: 1-800-668-8932 ext. 239

Fax: 416-363-7678

Email: cwpr@toronto.anglican.ca

Frequently Asked Questions

What is purpose of the Churchwardens Parochial Return (CWPR)?

The information gathered on these returns serves a threefold purpose:

1. It provides a base for a wide variety of statistical analyses that are used for planning and development for deaneries, Episcopal areas, the Diocese and the Anglican Church of Canada.
2. The Diocese depends on this information when making decisions concerning allocation of resources.
3. It is also used to calculate each congregation's assessable income.

What form is used?

You may either complete a paper form provided by the Diocese or download a form from the Diocesan Website. Downloaded forms may be printed and mailed, faxed or e-mailed. All forms, whether e-mailed, faxed or mailed, must include the signatures of the Churchwardens and the Incumbent.

To find the electronic version of the form go to www.toronto.anglican.ca and click on *Churchwarden's Toolbox/ Churchwarden's Return*.

What should be included?

The following should be included with the completed **Churchwardens Parochial Return**:

- **Vestry Report**
- **Budget for Current Year**
- **Audited Financial Statements—See Appendix A**

The annual audit requirements for congregations are regulated by Canon 14.14; Appendix A outlines the different types of financial statement verification, when they are utilized and who is eligible to perform each type as regulated by Provincial statute. Financial documentation should include statements from all sources including operating and fund accounts. If the audited statements are not available by March 15th, send unaudited financial statements. In such a circumstance, please provide an estimate of when the audited statements will be available. When the audit is completed and approved, send a copy of the final document, including the auditor's report. If there have

been any changes to a congregation's financial profile resulting from the audit, send an explanation of those changes and, if necessary, a revised CWPR.

When is the Churchwardens Parochial Return due?

Returns are due on **March 15th** each year.

What is the allotment?

Allotment is the fair share each parish contributes to the ministry of the wider church, including the work of the bishops, training of clergy, grants to parishes in transition, advocacy for the poor, ministry to the Church in the North and grants to partners overseas. Allotment is based on a parish's income and the diocesan budget approved by members of Synod.

How is the allotment calculated?

The allotment is calculated by using the formula outlined in Canon 4. It is based on the average of the past three years of assessable income. This average is then multiplied by the allotment rate approved by Synod.

What is Assessable Income?

Generally speaking, assessable income is the revenue designated for operating expenses.

How does a congregation find out what their allotment for the coming year will be?

Allotment information for each deanery is mailed to each congregation before October 1st of each year.

How can a congregation have their allotment reviewed?

If you have concerns or feel that errors have been made, congregations may contact the General Accountant. (See page 2 for specific contact information.)

When and how do congregations get billed?

Congregations receive monthly billings from the Diocese beginning the January after their assessment is calculated.

Completing the Return

The pages of the CWPR are intended for recording income and expenses from all sources used by the congregation. That includes operating, trust and fund accounts. Where separate accounting has been established for capital or building projects or outreach initiatives, include the interest earned on those funds in the same category as the project or initiative. Interest earned on bequest or memorials is not considered part of the bequest or memorial and should be declared in the category for which it is being used, e.g. operating, capital, outreach, etc.

Do **not** include information from accounts where the congregation has no real authority to spend the money, e.g. ACW funds, Men's Club, Cemeteries, etc. However, if funds from those sources are donated or are used to pay congregational expenses, they should be included on the return.

Page 1 – General Information

Please enter the following:

- Full name of the congregation
- If the congregation is part of a multi-point parish, enter the parish name.
- Address and City or Town
- Deanery
- Check the appropriate box for the congregation's year-end.

Page 2—Receipts

A = Assessable Income **N** = Income Not Assessable **S** = Operating amount included in Assessable Income

301. (A) Envelopes and Open Offerings

This line is for all offerings made by regular envelope users, one time donations and loose cash in the collection plate. It also includes:

- ✓ initial Envelope Offerings,
- ✓ festival Day Offerings such as Easter and Christmas,
- ✓ offerings for specific, designated areas of operation for which a budget is usually provided, e.g. Sunday school, chancel guild, hymnal replacement, etc.
- ✓ cash offerings for which charitable receipts were not issued.

Gifts that are intended for outreach & capital or memorial, bequests & student bursaries should be entered under the appropriate category.

Outreach Contributions

Enter all monies designated by donors or the vestry, as well as the interest from investment income and any net proceeds from fundraising efforts designated for outreach projects.

313. (N) FaithWorks

The gross amount designated by donors for FaithWorks.

315. (N) Other Outreach

Report income for outreach projects initiated by the congregation, including:

- ✓ Support of individual missionaries, food banks, etc.
- ✓ Rector's discretionary funds used for outreach purposes
- ✓ Do not include funds for programs which might welcome people from outside the congregation but are primarily intended for parishioners.

Also include charitable contributions collected for charities outside the congregation such as the Primates World Relief Fund.

Diocesan/ Area Assistance

Only enter funds received from Diocesan sources.

N.B. Glebe and York Rectory funds are historical trust funds distributed by the Diocese; they are not Diocesan grants. Income from Glebe and York Rectory funds should be entered on Line 371.

320. (N) Grants

Grants from non-Diocesan sources should be entered on the line most appropriate for the grant, e.g. grants for capital expenses should be entered on Line 332 and grants for general operating should be entered on Line 375.

327. (N) Loans

Loans from non-Diocesan sources should be entered on Line 393. This data is for information purposes only and should not be added into Total Income or Total Receipts.

Designated Funds

330. (N) Memorials/ Bequests & Bursaries

Memorials are gifts from a living person in memory of someone. Most memorials are for flowers, although some may be for a special item e.g. a tapestry to hang in the church.

Bequests are received from the estate of a deceased person. The principal amount of a bequest is included on this line even if it is undesignated and used for operating expenses.

Interest earned on memorials or bequests is not considered part of the memorial or bequest and should be declared in the category for which it is being used, e.g. operating, capital, outreach, etc.

332. (N) Capital & Major Repair Projects

Funds on this line are set aside for capital projects or purchases such as a new furnace or a major repair such as replacing the roof. Sources for these funds include:

- ✓ Funds designated by donors or the vestry for capital or major repair projects.
- ✓ Funds designated by donors or the vestry for capital reserve or capital debt repayment.
- ✓ Interest earned on funds set aside for Capital projects.
- ✓ Net proceeds from any fundraising efforts designated for Capital projects.

339. (N) Our Faith / Our Hope Campaign Funds

Enter the rebate received from the Diocese. Because the income from these rebates is not assessable, when monies are expensed from these funds they should be treated as coming from designated funds, e.g. if the money is used for a capital expense it should be entered on Line 532 "From Fund Accounts"

Space Usage

Churchwardens are **required** to obtain Diocesan Council approval regarding any licensing or leasing arrangements in order for the agreements to be legally binding under both provincial and Canon law. For more information, please see the Diocesan website at www.toronto.anglican.ca and click on *Parish Administration/ Real Estate/ Facility Rentals*

352. (A) Rectory

Normally only net proceeds of rental income are recorded; gross proceeds need only be recorded in the event the tenant does not have exclusive use of the rectory.

351. (A) Other Church Property

Report receipts for income received from other church property excluding the rectory or cemetery. Reporting should include receipts for monies received from the following:

- ✓ community groups that use the space,
- ✓ weddings, baptisms and funerals which relate to the use of the church, hall or other such space and are used to offset the costs of the building expenses,
- ✓ daycare receipts.

Reimbursement for utility and tax expenses not paid directly by a renter who has exclusive use of rented space, i.e. no other renter or organization within the church can use the space, should be entered on Line 396, *Cost Recoveries*. Maintenance costs are viewed as enhancing the value of an asset and should not be included in the calculation of cost recoveries.

Other Income

360. (A) Organizations

Report funds donated by organizations such as the ACW, men's groups, etc. for general operating purposes. If the donation is for capital repairs or outreach, enter the amount on Line 313, Line 315 or Line 332.

363. (A) Fundraising

Report the **net proceeds** of fundraising initiatives which are designated for general operating purposes. If the monies raised are for capital repairs or outreach projects, enter the amount on Line 313, Line 315 or Line 332.

370. (A) Unrestricted Investment & Interest

Include interest received from fund accounts which is being used for operations including interest earned on memorials, endowments or bequests which were not intended for capital or outreach purposes. Interest earned on memorials, endowments and bequests intended for capital or outreach purposes should be entered on Line 313, Line 315 or Line 332.

371. (A) Trusts—Glebe or York Rectory

Enter

- Glebe or York Rectory funds forwarded from the Diocese or
- Other trust account funds.

372. (A) Realized Gain on Sale of Assets

Only include funds here that will be used for operating purposes. (See Line 394 for initial gain on the sale of a rectory.)

375. (A) Other Income

This line is intended for small amounts that do not fit into any other category. Questions concerning placement of specific line items can be directed to the General Accountant whose contact information can be found on page 2.

Inter-Fund Transfers

380. (S) Inter-Fund Transfers

This line is provided to record transfers between operating revenue, outreach monies, capital funds or externally restricted accounts. Amounts placed in the *Operating Accounts* column are used in the calculation of assessable income.

Do not include operating money which has been set aside for a specific operating purpose, e.g. fundraising money previously entered on Line 363 that was set aside for the purchase of new hymnals. Bequest and memorial monies being used for their original designated purpose need not be entered here.

Questions concerning placement of items on this line can be directed to the General Accountant whose contact information is found on page 2.

The total at the end of this line should always equal zero.

TOTAL INCOME

This amount corresponds to the *Total Income* column on the Diocesan Allotment Calculation (DAC). If *Inter-Fund Transfers* have been made on Line 380, the amount listed under the Operating Accounts Column is included in this total even though the total for Inter-Fund Transfers always equals zero.

Recoveries & Other Receipts

390. (N) Inter-Congregational Transfers for Multi-Point Parishes

Record sums received from a congregation within the same multi-point parish. This amount should then appear on the Churchwardens Parochial Return for that other point as part of their *Total Income*.

393. (N) Loans.

Indicate the type & reason for the loan and complete the loan portion on page 4. This data is for information purposes only and should not be added into Total Receipts.

394. (N) Gain on Sale of Rectory

395. (N) HST (GST/PST) Refund

This line is for congregations which do not apply these refunds directly to their expense account.

396. (N) Cost Recoveries

As long as a renter did not pay for utilities or taxes directly, re-imbusement of costs for utilities and taxes can be entered for a renter who has exclusive use of rented space, i.e. no other renter or organization within the church can use the space. Prime examples of such renters are daycares. Do not include maintenance costs in these recoveries; maintenance is viewed as enhancing the value of an asset. Other rental income should be entered under *Space Usage*, Lines 351 or Line 352.

397. (N) Insurance Recoveries

This line is for congregations which do not apply these recoveries directly to their expense account.

399. (N) Other

Please specify the reason for the recovery.

TOTAL RECEIPTS

This is the total of all columns.

Page 3—Expenditures

D = Deductible from Assessable Income

X = Not Deductible from Assessable Income

Personnel Costs

Record all costs for salaries and benefits. Enter the costs of individual staff members in one category only; do not split costs of individual staff members between categories, e.g. between Lay Pastoral and Support Staff.

Professional development expenses included in Diocesan payroll expenses are considered a benefit by the Diocese.

Other professional development costs, mileage and similar costs should be recorded under administrative costs on Line 430.

Taxes and repairs to rectories should be recorded under Property Costs.

400. (D) Clergy

Include stipend, benefits and paid housing allowances for regularly employed clergy as well as summer replacements, visiting clergy, etc. Professional development expenses included in Diocesan payroll expenses are considered a benefit by the Diocese and should be included on this line.

Do not include other professional development expenses or mileage. The Diocese considers other professional development expenses and travel costs as reimbursements of actual costs and are therefore not considered a direct ministry expenses. As such these expenses should not be reflected as part of the compensation costs eligible for the ministry deduction. These reimbursements should be entered on Line 430.

405. (D) Rectory – Fair Rental Value & Utilities

Use this line only if the congregation's clerics reside in a rectory. The value entered should reflect the information supplied each year to the Diocesan Payroll Administrator by the Churchwardens on *Appendix E—Clergy Stipend, Housing & Utilities*. Since the amount recorded is for information only and not an actual expense, do not include this amount in Total Expenditures.

412. (D) Lay Pastoral Staff

Include salary and benefit costs for all non-clerical staff whose primary function is ministerial, e.g. youth ministers, parish nurses, etc.

413. (X) Music Ministry Staff

Include salary and benefit costs for all music ministry staff.

415. (X) Support Staff

Include salary and benefit costs for staff such as secretaries, vergers, etc.

Property Costs

Record all expenses related to the operation of these properties.

420. (X) Rectory

423. (X) Church

427. (X) Other

General Operating

430. (X) Administration

Include such costs as bank charges for pre-authorized giving, mileage and professional development charges for staff, office supplies, etc.

433. (X) Worship & Christian Education

Enter all expenses.

435. (X) Diocesan Allotment

Enter the amount billed to your parish.

Outreach

FaithWorks

513. (X) From Fund Accounts or Line 313

514. (D) Additional Funds from Operating

Other Outreach

Report expenses for outreach projects initiated by the congregation and charitable contributions collected for charities outside the congregation.

515. (X) From Fund Accounts or Line 315

516. (D) Additional Funds from Operating

Memorials

530. (X) Enter funds expended

Bequests/Student Bursaries

531. (X) Enter funds expended.

Capital / Major Repair Projects

Capital or Major Repair Projects include items which have a life expectancy of at least three years and have a minimum value established by the Churchwardens. Roof replacements and painting of the entire church are prime examples of such items. Routine maintenance, touch-ups and minor repairs should be entered under Property Costs, Lines 420 to 427.

532. (X) From Fund Accounts or Line 332

533. (D) Additional Funds from Operating

Debt Re-Payment and Interest

535. (X) Capital Debt Re-Payment

If rental income is being used to offset the repayment of loans on major capital expenses and deductions have not already been taken on the original cost of the construction or project, follow these guidelines.

1. Use this method only for actual costs of the original construction or project; this excludes maintenance, utilities and interest on loans or mortgages.
2. Declare the rental income minus any allowable cost recoveries on Line 351 or Line 352,
3. The amounts being used for capital debt repayment purposes would then be entered as an Inter-Fund Transfer on Line 380.
 - a. The amount being used for capital debt payment would be entered in the Operating Account column as a negative amount and
 - b. a corresponding positive amount would be entered under the Capital Fund.
4. The expense would then be shown as a Capital Debt Re-Payment on Line 535.

536. (X) Other Debt Re-Payments

Miscellaneous

This line is intended for small amounts that do not fit into any other category. Questions concerning placement of specific line items can be directed to the General Accountant whose contact information can be found on page 2.

599. (X) Miscellaneous

Specify reason for expense.

TOTAL EXPENDITURES

This is the total of all columns.

Summary of Outstanding Debts

Fill in the appropriate information

Screening in Faith

The *Responsible Ministry: Screening in Faith* policy has been in place since February, 2003 to help parishes ensure that their places of ministry are safe and healthy. Through our Baptismal Covenant we are obligated to look after the welfare of all members of our community but especially those who are vulnerable through age, infirmity or particular circumstances of dependency. This is a sacred trust which must be responsibly and safely managed.

The Diocese of Toronto is abundantly blessed with gifted and committed clergy, employees and volunteers who offer their talents in full recognition of their obligations. In fact, the church could not operate without the work of thousands of individuals throughout the Diocese who exercise a variety of ministries to persons within the church community and beyond.

It is critical for all of us to ensure that those we place in positions of power and trust be selected, trained and supported so that their ministry may be life-giving. As such, since 2006 all congregations have been required, as part of their annual Churchwardens' and Incumbent's Returns (the "Returns"), to report compliance with screening indicators.

Tips for completing this section:

1. Ensure that the responses on the Churchwardens' and Incumbent's Returns match. The Corporation should have a conversation about the congregation's compliance before completing the Returns. If the two Returns do not match, your congregation will be deemed "not in compliance".
2. Every congregation has a minimum of 2 people serving in high-risk ministry positions – the Churchwardens. Other positions that must be assessed as high-risk are all clergy including Honorary Assistants; churchwardens; organists and music directors; parish employees; lay anointers; and also those involved in residential or off-site ministries with children or vulnerable adults.
3. The Returns state "as of December 31st". This means the completion of screening for those individuals who were in their ministry positions up to and including December 31st, 2015. Therefore, congregations have the period from December 31st until the returns are submitted to ensure that screening is completed for those individuals.
4. There are resources and templates available on the Diocesan website which provide guidance for every step in the screening process (www.toronto.anglican.ca/parish-administration/screening/forms-and-resources).
5. If you have any questions about completing this section of the Returns, please contact the Diocesan Screening Coordinator, Amy Talbert at atalbert@toronto.anglican.ca or 1-800-668-8932 ext. 241.

The 2015 Compliance Questions are:

1. Are all ministry activities of the congregation listed and assessed for risk (high, medium, or low)?

2. Have all individuals in medium and high risk positions attended Sexual Misconduct Policy training at the beginning of the ministry and every three years thereafter?
3. Have all individuals in high risk positions completed a Police Record Check, using the Diocesan approved process, at the beginning of the ministry and every three years thereafter?
4. Is the congregation, to the best of your knowledge, fully compliant with the standards and procedures of the *Responsible Ministry: Screening in Faith* policy?

Contacts & Date Completed

- Current churchwardens and incumbents are asked to sign these forms.
- E-mail contact information is used to contact churchwardens for explicit reasons and for sending the periodic Diocesan Bulletin Board announcements which contain pertinent information to incumbents, churchwardens and treasurers.
- Please notify your area bishop's office if corporation members change throughout the year.

Appendix A—Audited Financial Statements

Canon 14 Requirement

Under Canon 14.14 Churchwardens are required to provide audited financial statements with their Churchwardens Parochial Returns. Notwithstanding this requirement, should an individual congregation's annual revenues be less than \$100,000 that congregation has the option of submitting either a Review Engagement or a Notice to Reader in lieu of an Audit on the condition that they

1. have permission from their Area Bishop and
2. have passed an extraordinary resolution (80% approval) for doing so at vestry.

Levels of Account Verification & Accountants

The following briefly outlines the three different levels of account verification and who can perform this verification. The sole purpose of this summary is to add clarity for churchwardens; it is not a complete exposition of the topic.

Levels of Account Verification

- **Audit**—The highest level of verification. An audit involves testing and reviewing the accounting systems and confirmations. It ensures that the financial statements are in accordance with generally accepted accounting procedures (ASNPO, formerly GAAP). Audits often produce management letters.
- **Review Engagement**—The second level of verification. This verification involves comparisons and discussions with management. The scope of a review is less than that of an audit; therefore the level of assurance provided is lower. The financial statements will be in accordance with generally accepted accounting procedures (ASNPO, formerly GAAP).
- **Notice to Reader**—The lowest level of verification. There is very little verification of the accounts, but the statements cannot be knowingly wrong when prepared by the accountant.

Requirements for Accountants: Who Can Perform Verifications

- **Audit or Review Engagement**—If a fee is paid for the report, the report must be prepared by a professionally licensed accountant; he or she must be licensed under the Public Accountants Act of Ontario. A licensed accountant is either a Chartered Accountant (CA), Chartered Professional Accountant (CPA) or a Certified General Accountant (CGA).

If the accountant performs verification as a volunteer, the license requirement is waived; in this instance a Certified Management Accountant (CMA) may also conduct an audit or review engagement.

The accountant must also be independent. If the accountant is a parishioner, he or she cannot hold a decision making position within the congregation.

It is the responsibility of the accountant to ensure that he or she has professional insurance.

- **Notice to Reader**—Any accountant or person familiar with standard accounting procedures, either designated or not designated, may perform this verification. This person should not be directly involved with nor directly related to someone involved with the maintenance of the congregation's financial records.