

Parish Leadership Workshop 2017

Finance

Presented by
Kathryn Rogers CPA,CA
Treasurer & Director of Finance



Diocese of Toronto
Anglican Church of Canada

Topics for Today

- Structure and Charitable Status
- Requirements and Dates
- Internal Controls
- Investments
- Resources Available



Structure and Charitable Status

- Each parish is
 - a separate provincial (Ontario) corporation – but is not separately incorporated
 - a Canadian Registered Charity
- Benefits are:
 - can accept donations and issue tax receipts to donors
 - exempt from paying tax on income (investment income, rentals, sale of property)
 - usually exempt from charging sales tax (HST) for goods and services



Charitable Status

- Each parish has the responsibility to do the following:
 - devote resources to charitable purposes
 - maintain adequate books and records
 - maintain direction and control over resources
 - maintain status as a legal entity
 - meet the requirements of CRA (must file T3010 6 months after your year end)



Requirements of the Parish

- ✓ Monthly – Diocesan invoice for stipend and allotment
- ✓ March 15th - Churchwarden's Parochial Return (CWPR)
- ✓ Canada Revenue Agency
 - ✓ June 30th - T3010-1 (Charitable Information Return)
 - ✓ HST return – Due date assigned by CRA – could be annual, monthly or quarterly
 - ✓ Payroll deductions– CRA determines payment schedule



Audited Financial Statements

	Audit	Review	Compilation/ Notice to Reader
Nature of involvement	Application of GAAP	Application of GAAP	Compiling information
Communication provided	Audit Report (opinion)	Review Engagement Report	Notice to Reader (no review)
Level of Assurance	Highest level	Moderate level	No assurance
Who can perform	Licensed Public Accountant (if charging)	Licensed Public Accountant (if charging)	Any accountant



“Directors and trustees must handle the charity's property with the care, skill and diligence that a prudent person would use. They must treat the charity's property the way a careful person would treat their own property. They must always protect the charity's property from undue risk of loss and must ensure that no excessive administrative expenses are incurred.”



Internal Controls – Financial Statements

- Churchwardens are responsible for all funds received and disbursed
- Statements should be prepared on a regular basis and reviewed
- Items to watch for:
 - Main sources of cash flow - sustainability
 - Is there any debt including balances owing to Diocese
 - Money invested including CTF funds
 - Restricted vs non restricted funds
 - Budget should not be in deficit position



For Discussion

Sample Parish Balance Sheet		
	2016	2015
Assets		
Cash	1,000	10,000
Cash - Restricted	-	5,000
Investments	5,000	15,000
Investments - Restricted	10,000	10,000
Property	25,000	27,000
Total Assets	41,000	67,000
Liabilities		
Accounts Payable	16,000	5,000
Net Assets		
Unrestricted	(10,000)	20,000
Invested in Property	25,000	27,000
Restricted	10,000	15,000
	25,000	62,000
Total Liabilities and Net Assets	41,000	67,000



For Discussion

Sample Parish			
Income Statement	Actual	Budget	Actual
	2015	2016	2016
Revenue			
Donations	350,000	375,000	310,000
Rental Income	250,000	250,000	250,000
	600,000	625,000	560,000
Expenses			
Salaries and benefits	205,000	215,000	210,000
Property Costs	180,000	190,000	185,000
Outreach	125,000	125,000	125,000
Admin (including Allotment)	72,000	70,000	70,000
	582,000	600,000	590,000
Net (loss)/ income	18,000	25,000	(30,000)



Internal Controls – Bank Accounts

- Bank Accounts – reconcile monthly
- CIBC – have blanket agreement with Parish
- Signing authority - generally
 - 2 Churchwardens & Treasurer
 - Never incumbents
- Cemetery funds & parish funds must be separated as per the Funeral, Burial and Cremations Act
- Parochial Organizations are not permitted to have their own bank accounts



Internal Controls – Handling Cash

- Sunday offerings
 - minimum of 2 people present when cash is counted
 - Suggested procedure:
 - Count the cash and record amount on forms
 - Prepare bank deposit slip
 - 2 counters and witness sign a record book recording the amount received
 - Cash taken to bank on Sunday. Should not hold overnight
 - Incumbent should NEVER be in the counting room



Internal Controls – Donation Receipting

- NEW-Church envelopes must be kept for 6 years
- Any back up necessary to verify receipts must also be retained for the same period
- Need to have an audit trail from bank deposit to receipt issued
- Need to ensure that receipts include all information required by CRA



Investments

- If surplus cash – then can invest prudently
- An option is to invest in Consolidated Trust Fund of the Diocese of Toronto
 - Monitored by the Investment Committee who ensures compliance with Investment Policy
 - The annual dividend is \$9.20 per unit (4.25% return) for 2017 paid out quarterly
 - Currently holds \$140 million in investments
 - One year return as at December 31, 2016 was 10.5%



Resources Available

- Parish Finance Manual & Parish Leaders Manual
www.toronto.anglican.ca/churchwarden-toolbox/
- Canada Revenue Agency – Charities
www.cra-arc.gc.ca/chrts-gvng/menu-eng
- Government of Ontario – Not for Profit Corporation
www.citizenship.gov.on.ca/english/pp/other.shtml

