



# Parish Finance

Parish Leadership 101 Workshop

2016

Kathryn Rogers, CPA, CA  
Treasurer & Director of Finance



## Summary

- Structure and Charitable Status
- What requirements and dates do you need to know?
- Internal Controls and Record Keeping
- Investments
- What resources are 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 15<sup>th</sup> - Churchwarden's Parochial Return (CWPR)
- ✓ Canada Revenue Agency
  - ✓ June 30<sup>th</sup> - T3010-1 (Charitable Information Return)
  - ✓ HST return – Due date assigned by CRA – could be annual, monthly or quarterly
  - ✓ Payroll deductions– CRA determines payment schedule



## CWPR

- What is the purpose of the Churchwardens Parochial Return (CWPR)?
- Where can you find the forms?
- What should be included in the package?
- How does it affect Allotment?



# Audited Financial Statements

- Canon 14.14 requires audits yearly if annual Parish revenues are greater than \$100,000
- If annual Parish revenues are below \$100,000,
  - May be able to get NTR or Review with the Area Bishop's permission and Vestry approval of at least 80%



# Review Levels

	<b>Audit</b>	<b>Review</b>	<b>Compilation/ Notice to Reader</b>
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

- Statements should be prepared on a regular basis and reviewed
- Churchwardens are responsible for all funds received and disbursed
  - If there is a misapplication of funds the congregation will be required to make restoration along with the Churchwardens personally
- 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

<b>Sample Parish Balance Sheet</b>		
	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
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
<b>Total Assets</b>	<b>41,000</b>	<b>67,000</b>
<b>Liabilities</b>		
Accounts Payable	16,000	5,000
<b>Net Assets</b>		
Unrestricted	(10,000)	20,000
Invested in Property	25,000	27,000
Restricted	10,000	15,000
	25,000	62,000
<b>Total Liabilities and Net Assets</b>	<b>41,000</b>	<b>67,000</b>



## For Discussion

<b>Sample Parish</b>			
<b>Income Statement</b>	<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2015</u></b>
<b>Revenue</b>			
Donations	350,000	375,000	310,000
Rental Income	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
	<u>600,000</u>	<u>625,000</u>	<u>560,000</u>
<b>Expenses</b>			
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)	<u>72,000</u>	<u>70,000</u>	<u>70,000</u>
	<u>582,000</u>	<u>600,000</u>	<u>590,000</u>
Net (loss)/ income	18,000	25,000	(30,000)



## Internal Controls– Bank Accounts

- Bank Accounts – reconcile monthly
- CIBC – have blanket agreement with Parish, may choose to go with a different Bank
- 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

- Duplicates kept for at least two years (in 2016 you should have 2015 and 2014)
- 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



# Types of Giving that can be Receipted

1. Plate offerings
  2. PAG (pre-authorized giving)
  3. Bequests
  4. Endowments
  5. Designated gifts
  6. Gifts of stock
  7. Gifts of assets or supplies
- *Services do not qualify as a gift and cannot be receipted.*





# Record Keeping

- All financial records must be kept for 7 years
- Records that must be kept permanently are:
  - Minutes of the members of the governing body (Vestry, Advisory Board etc)
  - All governing documents and bylaws (Constitution and Canons)
  - Capital additions (e.g. building project)
  - DO NOT DESTROY OLD INSURANCE POLICIES - There is NO statute of limitation in some cases



# Investment Funds

- What does your parish have as investments?
  - If surplus cash – then can invest anywhere
  - 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 \$8.78 per unit (4.25% return) for 2016 paid out quarterly
    - Currently holds \$130 million in investments
    - One year return as at December 31, 2015 was 3%



## Consolidated Trust Fund Holdings

Value of what we have in the CTF at Dec 31, 2015:

Cash & Short-term deposits	\$ 5,756,000	5%
Fixed Income	40,459,000	31%
Stocks & Mutual funds	81,151,000	62%
Infrastructure	<u>2,539,000</u>	2%
TOTAL	\$ <u>129,905,000</u>	100%



# Cemetery Fund

- Fund trustee: Scotia Trust
  - Fund manager: Scotia Asset Management
  - Principal amount cannot be withdrawn – perpetual care
- The annual dividend is \$6.40 per unit (4.25% return) for 2016 paid out quarterly
- Currently holds almost \$11 million in assets
  - One year return as at December 31, 2015 was 1.5%



## Cemetery Fund Holdings

Value of what we have in the Cemetery Fund at Dec 31, 2015:

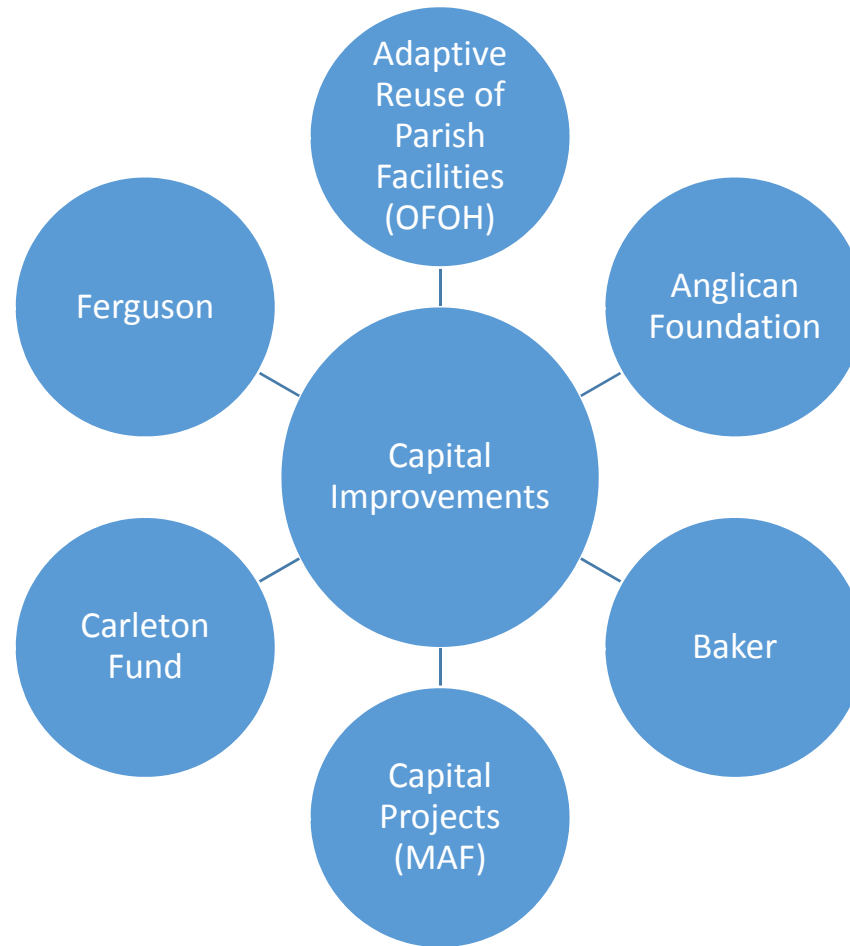
Cash & Short-term deposits	\$	744,000	7%
Fixed Income		4,976,000	47%
Stocks		<u>4,904,000</u>	46%
TOTAL	\$	<u>10,624,000</u>	100%



# Grants

- Ferguson – home for aged men or women
- Carleton Fund – clergy-occupied rectories
- Baker Fund – church school facilities
- Church Development Fund – loans for renewing and growing ministry
- Church Development Rectory Fund – loans for purchasing/building rectories
- Ministry Allocation Fund (Real Estate, Congregational Growth & Innovative and New Forms of Ministry)
- Curacy Grants – support curacies at a parish
- Reach Grants – local ministry
- Stretch Grants
- Our Faith – Our Hope
- Area Council – Ministry Development Grants









## Online Resources

- Parish Finance Manual & Parish Leaders Manual
- [www.toronto.anglican.ca/churchwarden-toolbox/](http://www.toronto.anglican.ca/churchwarden-toolbox/)
- Canada Revenue Agency – Charities
- [www.cra-arc.gc.ca/chrts-gvng/menu-eng](http://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](http://www.citizenship.gov.on.ca/english/pp/other.shtml)



# Finance Staff at the Diocese

- Kathryn Rogers, CPA, CA x 238
  - Treasurer and Director of Finance
  - *CRA information return, Consolidated Trust Fund, Cemetery Fund, donations via stock transfers, banking with CIBC, insurance, parish audit*
- Elena Nemenova x 248
  - Senior Accountant
  - *Consolidated Trust Fund, Cemetery Fund, Payments to Diocese for stipend/allotment*
- Claire Wilton x 239
  - General Accountant
  - *Clergy payroll (stipend and housing), Churchwarden's Parochial Returns (CWPR), Allotment*
- Afshin Mahboob x 237
  - Accounts Payable and Receivable
- Tracey Gordon x 216
  - Finance Department Assistant
- Patricia McIlhorne x210
  - Receptionist



Thank you