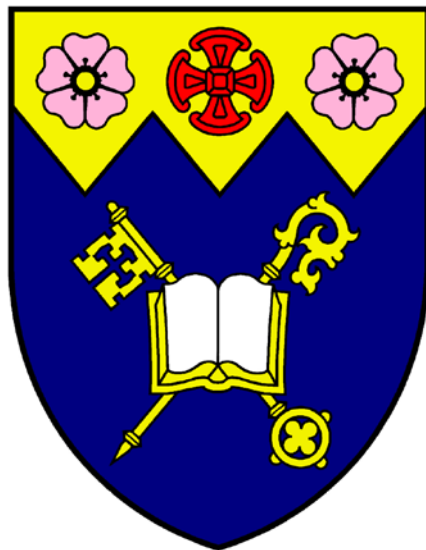


DIOCESE OF EDMONTON



TREASURER'S HANDBOOK 2017

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Duties of the Treasurer

The Treasurer is appointed by the Vestry who, by Canons, is responsible to account for the congregation's funds to the Parish. The Treasurer assists Vestry by preparing financial statements for the prior fiscal year, including a Statement of Receipts and Expenditures and a Balance Sheet, and an operating budget for the coming year for the Annual General Meeting. Other duties may include the completion and return of the annual year-end financial returns required by the Synod Office prior to the middle of February each year.

In most parishes the Wardens delegate their bookkeeping and accounting responsibilities to the Treasurer. The Treasurer should be involved in all financial matters, even though some may be the responsibility of others. This handbook is designed for the person responsible for the bookkeeping and accounting responsibilities. The title "Treasurer" will be used throughout to designate that person.

The Treasurer should seek help where the proper course of action is in doubt. Many persons both within and outside congregations are qualified and willing to give advice and assistance and the Synod Office is always accessible.

The Treasurer should prepare monthly a statement of revenue and expenditures along with a balance sheet. The most recent statement should be presented to the Vestry when it meets.

The Treasurer should also assist in the preparation of an annual budget. The actual monthly revenues and expenditures should be compared with the budget projections and any variations from budget reported to the Wardens and the Vestry.

Revenues

The Treasurer must keep a record of all moneys received by setting up and keeping proper bookkeeping records.

Contributions to any Flow Through Funds, e.g., PWRDF, or to any special purpose fund authorized by Vestry are amounts received in trust. Unreasonable delay in forwarding applicable funds to the appropriate agency or using gifts for purposes they were not intended is a breach of trust. An action of this kind is not only morally wrong, but it may be a criminal offence.

It is important that donors are provided with official receipts for Income Tax purposes at the end of each year specifying the amount of their gifts for local purposes, to any Flow Through Fund and to any special funds. This should be done by the Envelope Secretary. The Treasurer, with the Envelope Secretary, should be certain that the proper government forms are completed annually so the church's charitable status is not jeopardized and tax receipts invalidated.

Expenditures

General

The Treasurer shall disburse moneys received for local church purposes under the direction of the Vestry and keep detailed records of all transactions. It is reasonable to

authorize the Treasurer to make payments for regular disbursements such as remittances to the synod office, utilities and similar items. No unusual payments should be made by the Treasurer without the approval, in advance, of Vestry. The Treasurer should report to Vestry all disbursements made in the period prior to its meeting as well as any accounts to be approved for payment.

The Treasurer is expected to ensure that all receipts and disbursements are recorded on a timely basis and shall present to the Vestry, monthly Statements of Account showing the current financial position of the church for the period.

Authorization

As in any organization, a lack of control over authorization of expenditures creates problems.

No one person should have the authority to incur expenses for the church or for any organization of the church other than for day-to-day fixed expenses previously approved by the group or committee.

Method of Payment

There is only one desirable method of paying accounts and that is by cheque bearing the signature of two signing officers who have examined a properly detailed invoice, statement or other supporting voucher.

Signing of incomplete or blank cheques is discouraged. Both officers should only sign when the cheque is complete. Before signing, both officers should examine the cheque for accuracy, and to ensure that the supporting invoice is for an authorized expense. When a cheque is issued to a signing officer for reimbursement of an authorized expense, the cheque should be signed by two signing officers other than the payee.

Budget

The Incumbent and the Wardens are responsible for ensuring an annual budget is prepared. They should involve Vestry or a sub-committee in the preparation of it. Individuals and groups responsible for proposed items of expenditure should be consulted.

The Treasurer assists in the preparation of the budget. As soon as possible after the close of the third quarter, a review of the income and expenditure experience should be carried out along with a forecast of the cash requirements for the balance of the year.

Vestry must approve the budget before presentation to the congregation.

Bookkeeping System

Separate accounting records should be maintained for each fund, which may have its own account book. A separate bank account may be kept as well. The Treasurer must reconcile the bank account with the bank statement or passbook monthly. Each Treasurer will set up bank accounts to suit the congregation's situation. Funds held "In Trust" should be maintained in a separate account.

If the Treasurer wishes to change the parish bookkeeping system, s/he should consult with the Wardens and the Incumbent.

Annual Accounts Examination

The financial records of a parish must be examined annually by an Accounts Examiner. This should be done as soon as possible after the year-end statements have been completed. Vestry may appoint, as an independent reviewer, an individual who understands the importance of an independent review of the financial records and is familiar with bookkeeping. Such an individual should be independent of any of the record keeping functions of the parish. The parish may be fortunate to have a member who is both able and willing to assume this role. If not, the parish should seek outside assistance and engage a public accountant to perform an audit or review and render an opinion as to the fairness of the financial statements.

The report of the Accounts Examiner shall be presented at the parish annual meeting and a copy of the Accounts Examiners report shall be submitted to the Diocese within 30 days of its completion. The auditor or reviewer should be present at the AGM to answer any questions.

Record Retention

Books, records and related vouchers should be retained for a period of six years after the year in which the record was originated to comply with the Income Tax Act. Regulation 5800 makes an exception to this rule: duplicate donation receipts issued by a charity need only be kept for two years from the end of the calendar year in which the receipts are issued. Receipts for donations of property are to be retained for a period of ten years.

We recommend that after six years, permanent records be forwarded to the Diocesan Archivist for storage. Church registers of baptism, confirmation, marriages and deaths should also be forwarded to the Archivist upon completion of the register.

As part of your year-end activities, you may want to archive your important paperwork. Clearly label all boxes and files and store them in a secure location.

A well-thought-out and executed filing system means that important documents are readily available to support the charitable information return, provide information for a bank loan, or return a faulty product with the original receipt and warranty information.

| Form | Keep for at least | Examples |
|--|--|---|
| Legal documents | permanently | <ul style="list-style-type: none"> • Incorporation papers • Partnership agreement • Vestry minutes • Leasing agreements |
| Insurance records | permanently | <ul style="list-style-type: none"> • Policy contracts • Amendments letters • Claim information • Riders correspondence |
| Banking records | 10 years | <ul style="list-style-type: none"> • Cancelled cheques • Bank statements • Loan agreements and payment receipts |
| Filed tax returns | permanently | <ul style="list-style-type: none"> • Income tax (Charity) returns • Forms and letters sent to CRA |
| Employment records | permanently | <ul style="list-style-type: none"> • Any related correspondence |
| Annual financial statements | permanently | <ul style="list-style-type: none"> • Year-end balance sheet and profit & loss statement |
| Vendor bills for supplies and services | 7 years | <ul style="list-style-type: none"> • Receipts from the vendor • Credit or collection correspondence |
| Vendor bill for fixed assets | 7 years after you sell or dispose of the asset | <ul style="list-style-type: none"> • Receipts from the vendor • Credit or collection correspondence |
| Customer Invoices | 7 years | <ul style="list-style-type: none"> • Customer invoices, statements & memos • Credit or collection correspondence |

Counting and Recording the Offering

Two people, other than the treasurer, should count the collection, and record the envelope numbers and amounts on the Offering Report. The open offering is listed on the Offering Report and in the Vestry Book and supports the operating fund unless a special designation has been defined. A copy of the offering report should be available to the Treasurer and the Envelope Secretary.

Other Revenues

A separate deposit should be made for other revenues that are not donations or they should be clearly marked on the deposit.

A receipt, but not a charitable tax receipt, should be prepared for any other revenue obtained in cash. The original should be given to the person from whom the funds were obtained and a duplicate should be kept by the Treasurer.

Data Integrity and Security

If your parish uses a computer to maintain records your primary consideration would be to maintain the safety and integrity of the data stored on the computer in exactly the same way as you would the safety and integrity of your church's paper records. Important parish data should not be stored on your home or business computer. Confidentiality and privacy must be maintained. There should be an offsite backup of the data.

Other Forms

Monthly Remittances to Synod Office

When remitting funds to the synod office parishes are requested to use the standard remittance form or a detailed form of your own design. Failure to use a detailed form may result in payments being misallocated. **All payroll amounts must be remitted to the Synod Office by the 20th of the current month.** If the parish is making monthly payments towards a Diocesan Development Fund loan the payment must be made on a separate cheque.

Clergy Salary and Benefits Payable

The Synod Office sends this form to each parish at the beginning of each year and thereafter whenever any changes are effective in salaries or benefits. One form is issued for each employee.

Invoices

Normally all amounts due to the synod office will be invoiced. A parish may request a statement of account at any time.

Financial Statistics Report

Every parish is required to submit a completed Financial Statistics Report and attach a copy of the year end financial statements. **These documents must be received by the Synod Office no later than March 15th of the subsequent year.** A form for completion is available in various formats on the diocesan website.

Diocesan Vacation Policy

While it is not the responsibility of parish Treasurers to maintain a record of clergy vacations, the Treasurer needs to be aware of how much vacation has been taken in the event clergy move to another parish.

Pre-Authorized Giving (PAG)

The Synod Office offers a centralized Pre-Authorized Giving program using automatic bank debit to assist individuals in supporting their parish ministry. The Synod Office acts as administrators and transfer agents on behalf of the parishes only. It remains the responsibility for the parish to issue charitable receipts to their donors and assign donated funds to the ministry area requested by the donor. Donors can choose to have funds debited from their accounts at the beginning or the middle of the month, or both. At the end of the third week funds are then transferred to the parish bank account and a detailed donor report is sent to the parish.

Registering Your Parish

Parishes register using a registration form that is forwarded to the Synod Office. The Diocese will invoice the parish for a small annual fee.

Each parish must appoint one person who will administer the parish records for the program and act as the liason person with the Synod Office.

Registering Donors and Donor Changes

Brochures, available on the Diocesan website, maybe downloaded and used to promote the PAG program. A Registration and Change Form for individuals is available on the Diocesan website. The donor completes the form and submits it to their parish representative who keeps a copy and forwards it to the Synod Office.

If a donor wants to terminate their giving a Termination Form is available on the Diocesan website.

Because there are large number of participants in this program, the Synod Office requests that donors communicate through their representative.

Charitable Tax Receipts

To issue charitable tax receipts, all Churches must be registered with the Charities Division of the Canada Revenue Agency (CRA), Taxation. Registration certificates and Business Numbers are issued directly to each Church.

The original tax receipt is sent to the donor and the duplicate is kept on file for possible audit purposes. It is important that the total amount for which receipts are issued agrees with the total recorded in the church books and financial statements.

Each receipt must bear on its face:

- a serial number, preferably imprinted by numbering machine;
- the name and address of the Pastoral Charge;
- the B/N Registration number; and
- a notation that it is an official receipt for Income Tax purposes.
- **reference to CRA's website stating:**

Canada Revenue Agency
www.cra-arc.gc.ca/charities

Each receipt must be dated and show the amount of the donation, the name and address of the donor (including the first name or initials), the year it applies to, and must be signed by an authorized signing officer.

When a gift is of property other than cash it is called a **gift in kind**. Gifts in kind include itmes such as artwork, equipment or land. The receipt must include a brief description of the property and the name and address of the appraiser of the property or proof of the purchase price. The amount shown on a receipt for a gift of property is the fair market value of the property on the date the gift is made.

Services rendered are not qualified gifts in kind for tax purposes. Although it is possible for a service provider to bill the parish and donate the amount back to the parish for a receipt, this simply creates an administrative burden, as the service provider will need to include the fee for services in income, which would offset any tax advantage derived from the charitable receipt. If a service provider wishes to donate a service to a parish, it is best simply to perform the service and not issue either an invoice or request a tax receipt.

Annual Information Returns

Each year, following the Annual Meeting of the Church a copy of the approved annual financial statement along with a completed form T3010-1 must be forwarded to:

Charities Division
Canada Customs and Revenue Agency
Ottawa, Ontario K1A 0L5

Registered charities are required to file within six months after the charity's fiscal year end. Failure to file on time **will result in a \$500 late filing penalty and having the registered status revoked**. Once a charity has lost its registration, it can no longer issue tax receipts to acknowledge donations.

Preparing the Return

Be sure to complete and answer all questions. An uncompleted return will be rejected.

Each year the parish will receive a T3010-1 package from CRA.

Directors are the parish corporation. That is the Incumbent or Priest-in-Charge and the Rector's and Peoples' Wardens.

Qualified donees are charities that have received funds from your parish during the year. The Diocese of Edmonton is a "Qualified Donee", thus assessment paid to the Diocese would be reported under this heading.

Completing the return can be challenging as the expenditure headings do not match parish accounting titles. Try to be consistent from one year to the next.

Reimbursement of Travel Expenses

Travel/automobile allowances often come under scrutiny by CRA.

A priest or other employee may be reimbursed for the use of their automobiles on Church business and that reimbursement may not be taxable to the priest or employee. There are three important factors that must exist in order for such payments to be non-taxable:

- 1) The payment must be a pre-established per kilometre rate that is not more than the rate set by CRA.
- 2) The payment must be based on actual distance driven. The priest or employee must keep a log book detailing the distances driven on church business; and

- 3) The driving must be done in the course of carrying out the required duties of ministering to a church. It is important to keep in mind that the travel from a residence to the church is considered personal and not business travel.

The Diocese currently reimburses at a rate of 44 cents per km for the first 5000 km driven annually, and 40 cents per km thereafter. No travel reimbursement should be paid without a travel log to support the claim. See the diocesan Travel Reimbursement Policy for more detail.

Goods and Services Tax (GST)

It is necessary to receive a GST account/rebate number in order to participate in the recovery of GST taxes paid. In general, donations, grants and subsidies received by charities are free from GST.

Charitable organizations may claim a rebate of 50% of all GST paid in the course of their charitable endeavors two times per year. Purchases that are eligible for the 50% rebate include:

- General operating expenses such as rent, utilities, office equipment and supplies.
- Reimbursement of employee's or parishioner's expenses that include GST.
- Purchases made for goods and services the congregation offers (commercial activity) for which it is not required to collect GST.

It is recommended that the accounting records and systems be structured to allow for recording GST paid and rebate claims. At the end of each filing period, the books should provide enough information to determine how much GST has been paid as well as the amount recoverable through rebates.

Diocesan Staff and Office Hours

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