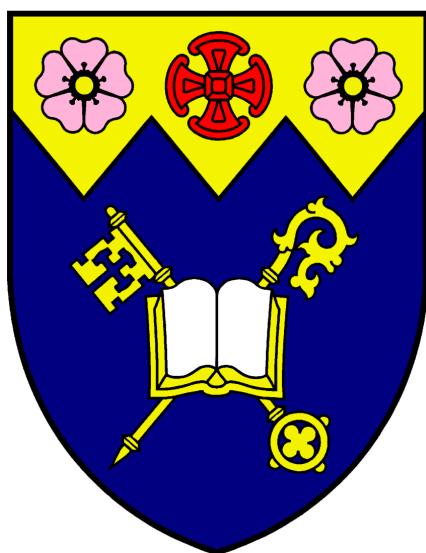


DIOCESE OF EDMONTON



TREASURER'S

HANDBOOK

2025

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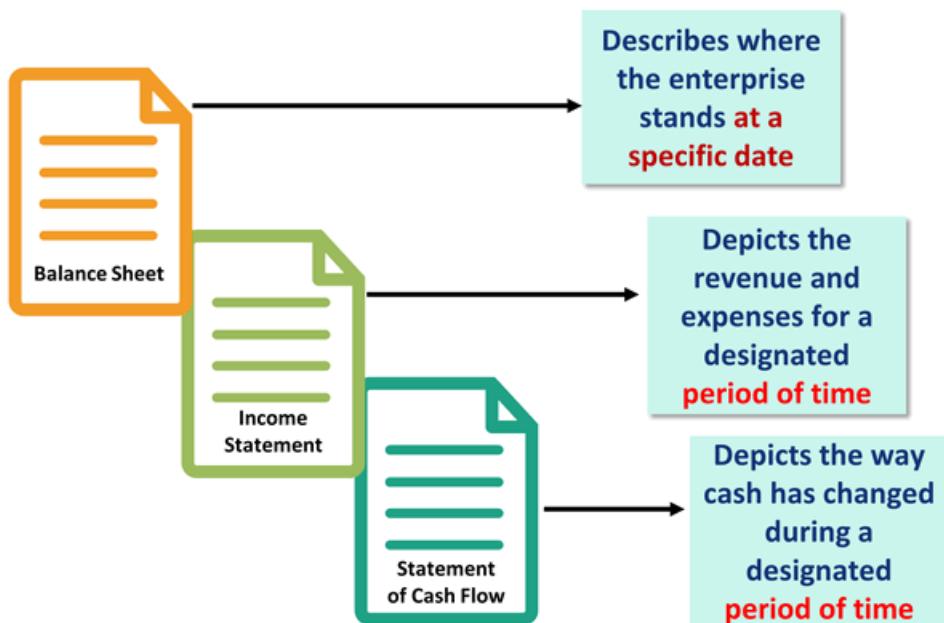
Duties of the Treasurer

The Treasurer is appointed by the Vestry of the parish. The Treasurer assists Vestry by preparing financial statements for the prior fiscal year, including a Statement of Revenues and Expenditures and a Balance Sheet, for the Annual General Meeting. Other duties may include assisting Vestry with the preparation of the parish budget, as well as the completion of the annual year-end financial returns required by the Synod Office prior to June 30 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 (income statement or statement of operations) along with a balance sheet (statement of financial position). A third type of financial statement is the statement of cash flows, which can be helpful but is not required. The most recent statements 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 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 for which they were not intended is a breach of trust. An action of this kind not only is morally wrong, but 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 all of their gifts, whether for local purposes, to any flow-through fund, or to special funds. This should be done by the Envelope Secretary if the parish has one. 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

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. Any expenditures not provided for in the budget should be authorized by Vestry prior to being incurred.

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 regularly occurring 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. There should be at least three authorized signing officers, normally including the Treasurer, the Incumbent, and at least one of the Wardens.

Signing of incomplete or blank cheques is strongly discouraged. Each officer should sign only 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. Supplies of blank cheques need to be stored securely.

Some financial institutions now offer the capability of performing electronic funds transfers with dual authorization (where both signing officers are required to log in separately to release the funds). That is an acceptable alternative to paying by cheque. EFTs without dual authorization should be used only for regularly recurring monthly charges such as utility bills.

It may be desirable for the parish to have a credit card for the payment of minor expenses. Such a card should have a low credit limit and should be entrusted to the Incumbent or one of the Wardens, who should be the only person with access to it. The card number and expiry date should not be given to anyone else or recorded in a non-secure place. Payment of the account should be by cheque subject to the usual procedures for issuing cheques.

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.

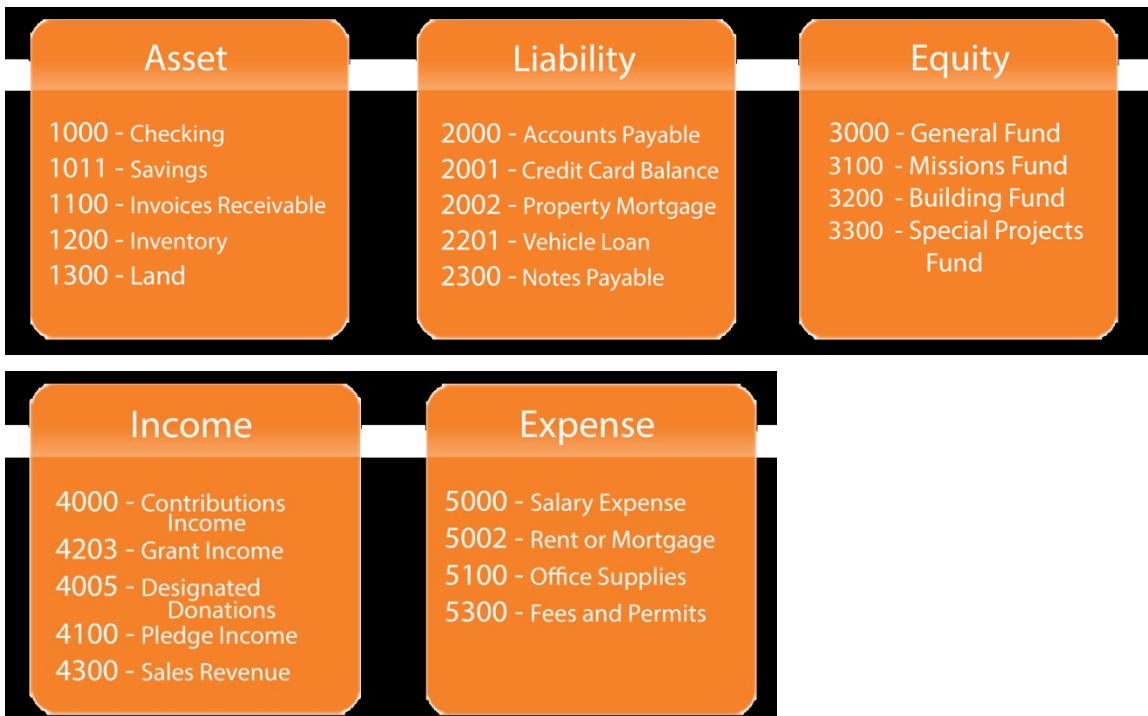
The Treasurer assists in the preparation of the budget. As soon as possible after the close of the third quarter, a review of the income and expenditure experience should be carried out along with a forecast of the cash requirements for the balance of the year.

Vestry must approve the budget before presentation to the congregation.

Bookkeeping System

Books can be kept either manually or by computer. Online accounting software is readily available and has the advantage that if you need help, you can invite someone else to log in from another location and assist you.

A well-organized chart of accounts is essential. A very simple example is shown on the next page.



Many parishes have special funds that are set aside for specific purposes. These funds are of two kinds:

- *Externally restricted funds* are legally restricted to a specific purpose (for example, in a will or trust deed).
- *Internally restricted funds* have been set aside for a specific purpose by Vestry, which can change the restriction at any time.

These two kinds of funds must be distinguished on the balance sheet. Separate accounting records should be maintained for each fund. Provided that this is done, separate bank accounts are not necessary and should be avoided because of the extra costs involved.

The bank account ledger must be reconciled with the bank statement monthly. Treasurers who keep up with this task will catch errors as they occur and avoid spending many extra hours at year end.

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 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.

The report of the Accounts Examiner shall be presented at the parish annual meeting, if possible, and a copy shall be submitted to the Diocese within 30 days of its completion. The Accounts Examiner should be present at the annual meeting to answer any questions.

Record Retention

Books, records, opened donation envelopes, 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 seven years, records to be kept permanently as described in the table on the next page 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 • Vestry minutes • Leasing agreements • Policy contracts • Amendment letters • Claim information • Riders correspondence • Cancelled cheques • Bank statements • Loan agreements and payment receipts
Insurance records	permanently	<ul style="list-style-type: none"> • Income tax (Charity) returns • Forms and letters sent to CRA • Any related correspondence
Banking records	7 years	<ul style="list-style-type: none"> • Year-end balance sheet and income statement • Receipts from the vendor • Credit or collection correspondence
Filed tax returns	permanently	<ul style="list-style-type: none"> • Receipts from the vendor • Credit or collection correspondence
Employment records	permanently	<ul style="list-style-type: none"> • Customer invoices, statements & memos • Credit or collection correspondence
Annual financial statements	permanently	
Vendor bills for supplies and services	7 years	
Vendor bill for fixed assets	7 years after you sell or dispose of the asset	
Customer Invoices	7 years	

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 goes towards the operating fund unless a special designation has been announced. 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 should 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. Ensure that confidential information is protected by a password, but also that there is a way for other parish officers to obtain the password in case of emergency. There should be an offsite backup of the data.

Forms

All forms are available for download on the diocesan website.

Monthly Remittances to Synod Office

When remitting funds to the synod office by cheque, 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.

Pre-Authorized Remittances

Parishes may register for pre-authorized withdrawal of monthly apportionment and payroll remittances using a registration form that is forwarded to the Synod Office. A confirmation is emailed to the Treasurer when the funds are withdrawn, generally on the 22nd of the month. This procedure saves work and helps ensure the Diocese has enough cash on hand to cover the payroll.

Employee Salary and Benefits Breakdown

The Synod Office sends this form to each parish at the beginning of each year and thereafter whenever amounts change. One form is issued for each employee.

Invoices

Normally all amounts due to the synod office other than payroll remittances and apportionment will be invoiced by email to the Treasurer. 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 June 30 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 administrator and transfer agent on behalf of the parishes only. It remains the responsibility for the parish to issue charitable receipts to its donors and assign donated funds to the ministry area requested by the donor. Donors can choose to have funds debited from their accounts on the 1st or the 15th 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.

Parishes register for PAG 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 (generally the Envelope Secretary) who will administer the parish records for the program and act as the liaison person with the Synod Office. This person needs to have access to email.

Brochures, available on the Diocesan website, may be 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.

Consolidated Trust Fund (CTF)

The Diocese operates a Consolidated Trust Fund to administer funds held for the benefit of parishes. Funds held in CTF may be restricted (generally obtained from the sale of property) or unrestricted. For unrestricted funds, there are different investment options available depending on the intended use of the funds. To deposit or withdraw funds, the appropriate form must be submitted to the Synod Office.

Charitable Tax Receipts

To issue charitable tax receipts, all parishes must be registered with the Charities Division of the Canada Revenue Agency (CRA). Charitable registration numbers are issued directly to each parish.

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 agree with the total recorded in the church books and financial statements.

Each receipt must bear on its face:

- a serial number;
- the name and address of the parish;
- the Charitable Registration number;
- a notation that it is an official receipt for Income Tax purposes; and
- a reference to CRA's website, www.canada.ca/charities-giving

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), and the year it applies to, and must be signed by a person authorized by Vestry, normally the Envelope Secretary.

When a gift is of property other than cash it is called a **gift in kind**. Gifts in kind include items 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.

Sometimes gifts in kind will be easy to value, as, for example, the gift of something that the donor has just purchased when the donor can supply a receipt to document the value of the item. If the donation represents an item for which no receipt is available, it is reasonable for the treasurer to assign a fair market value if he or she is comfortable

in doing so, unless the market value is presumed to be over \$1,000. Canada Revenue Agency recommends contacting an independent appraiser to establish the fair market value of gifts of this magnitude.

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 creates an administrative burden and will not usually result in any tax advantage, as the service provider will need to include the fee for services in income.

Annual Information Returns

Each year following the annual meeting of the parish a copy of the reviewed or audited annual financial statement along with a completed form T3010 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 may result in revocation of registered status**. Once a charity has lost its registration, it can no longer issue charitable donation receipts.

Preparing the Return

The CRA no longer mails out T-3010 forms; you need to download the form from the CRA website or file it online.

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

In addition to the registered charity information form itself (T3010), all parishes need to complete T1235 (Directors/Trustees and Like Officials worksheet) and T1236 (Qualified donees worksheet). Directors who need to be listed on the return are the members of 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 apportionment paid to the Diocese would be reported under this heading.

The categories that you need to use on the T3010 for expenditures are unlikely to match those that you use on your financial statements. We recommend keeping track of how you aggregate expenses recorded on the financial statements for each line on the T3010, and using the

same aggregation every year. Note that, as indicated on the T3010, you should provide your financial information in Section D if your revenue is \$100,000 or less, and in Section 6 if your revenue exceeds \$100,000. Also note that you are required to split the total expenditures into expenditures on charitable activities and expenditures on management and administration. While this is difficult (if not impossible) to do precisely, CRA is unlikely to challenge your allocation. They will, however, require you to resubmit the T3010 if you do not complete this.

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 automobile 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 kilometer rate that is reasonable and 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 travel from a residence to the church is considered personal and *not* business travel.

The Diocese currently reimburses at a rate of 55 cents per km. No travel reimbursement should be paid without a travel log to support the claim. See the diocesan Travel Reimbursement Policy, available on the website, for more detail.

Goods and Services Tax (GST)

It is necessary to register to collect GST in order to obtain full recovery of GST paid. In general, it is not necessary or useful for churches to register because 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. Claims must be filed at the end of each six-month period; the form is available on the Canada Revenue Agency website, or claims can be filed electronically on the GST/HST netfile site. 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.