The Anglican Synod of the Diocese of British Columbia

Treasurer's Handbook

revised January 2016

PREAMBLE

TO THE PARISH TREASURER: File #1.1

The Parish Treasurer is appointed by the Rector and Wardens with the consent of the parish council. The position carries definite responsibilities and it is helpful to have knowledge of the Canons and Regulations of the Diocese . The work of the parish treasurer will vary depending upon the parish.

The role of the parish treasurer in the leadership of a parish is, in many ways , critical to the long term well-being of the parish. An effective treasurer enables, financially, the work of the parish by monitoring its progress, anticipating shortfalls and inspiring a greater level of commitment. Good, well presented financial statements tell much more than just the financial condition of a parish.

This handbook is based on the Constitution, Canons and Regulations of the Diocese of British Columbia and the purpose is for general information and as a guide for the accounting practices of the congregation.

The handbook may appear rather comprehensive for some parishes as the intent is to provide information in many areas; however, it is reasonable to expect only portions of this information will be actually used by some parishes. Sections of the handbook will be revised annually or as necessary and forwarded to the parish treasurers .

For general information purposes, this handbook is designed for the person responsible for the bookkeeping and accounting responsibilities and the title of "Treasurer" will be used throughout to designate that person.

The Treasurer should not hesitate to seek help in situations where the proper course of action is in doubt. Many persons both within and outside the congregation are qualified and willing to give advice and assistance and the synod office is always accessible.

THE DIOCESE AND THE SYNOD: File #1.2

The Diocese of British Columbia is comprised of the area of Vancouver Island and the Gulf Islands . The basic structural unit of the Anglican Church is the Diocese. The Diocese is apportioned into Parishes. A Parish may consist of one or more congregations.

Parishes are grouped together in a Deanery, under the leadership of a Regional Dean, both for facility in administration and in order that they may work together in solving problems of mutual interest.

Synod presently meets every year for the purpose of considering the reports of committees charged with particular responsibilities, electing new committees , enacting or amending legislation, and taking what steps may be deemed advisable for strengthening the work of the Church in the diocese.

In addition to the Diocesan Synod there are the Provincial and General Synods.

PROVINCIAL AND GENERAL SYNODS: File #1.3

The Provincial Synod of the Ecclesiastical Province of British Columbia and the Yukon consists of all the dioceses in this Province. The Chairperson is the Archbishop who is known as the Metropolitan. The membership consists of representatives from each diocese in the ecclesiastical province elected by the various Synods, together with the respective Bishops and Chancellors. This Synod meets every three years at the call of the Metropolitan and considers matters of interest in the provincial sphere.

The General Synod is the governing body of the Canadian Church. It consists of all the Bishops together with clergy and laity elected by each diocese. The Chairperson is the Primate and meetings are held every three years. In the years that General Synod does not meet, meetings are held of a smaller body elected by General Synod known as the Council of General Synod.

DUTIES OF THE TREASURER

POSITION DESCRIPTION File #2.1

POSITION TITLE: Parish Treasurer

PRIMARY FUNCTION: To ensure that the all financial obligations of the parish are met, maintain an accurate record of transactions and prepare and present the Parish's financial condition to the Parish, Diocese and Canada Revenue Agency in a useful format and in a timely manner.

DUTIES AND RESPONSIBILITIES:
Working as a member of the Parish leadership team the treasurer will:

1. Ensure that all monies received by the parish are accounted for, recorded and deposited into a recognized financial institution in a safe and timely manner.
2. Ensure that all parish financial obligations (clergy stipend and housing, staff salaries, benefits, bills, taxes, insurance, assessment, etc.) are paid in a timely manner.
3. Control or prepare and maintain accounting records of the financial activities of the parish.
4. Ensure that the rector, wardens and parish council are kept aware of the parish's financial condition and present accurate, comparative financial statements to them monthly.
5. Assist in the development of an annual budget for the parish.
6. Attend all council, deanery and other meetings as required..
7. Ensure that all of the parish financial information is available for audit, review or examination and be prepared to answer any questions relating to it.

8. Pass all records on to your successor in a neat & tidy condition and timely manner.

The parish treasurer is appointed by the Rector and Wardens and reports to the Wardens of the parish, who are ultimately responsible for all financial aspects of the Parish.

As previously mentioned, the Treasurer is appointed by the Rector and Wardens. Treasurers should be familiar with the Canons and Regulations in whole.

DUTIES OF THE TREASURER - DETAILED LISTING

A. To control, secure and account for all parish income.

B. To control, vet and prepare all expenses for payment.

C. To control and/or prepare the parishes financial statements

D. To monitor and report to the Council and parishioners on the financial position of the church

E. To draft/advise on the annual budget

F. To draft/advise on loan or investment alternatives after appropriate research.

G. To control, issue and document donation receipts other than those received by the envelope secretary.

H. To confirm that the envelope secretary's receipts are in agreement with the financial controls.

I. To acknowledge with the donors, contributors other than regular envelope receipts.

J. To calculate, account for, and pay all staff not on the synod payroll.

K To prepare all accounting records for the financial activities of the church.

L. To advise on the annual salary/wage adjustments for the rector and staff.

M. To attend all council, deanery and other meetings as required.

N. To "audit" the financial statements of parish organizations. For example Church Guild, Altar Guild, etc.

0. To provide change funds, control, receive/deposit proceeds from parish functions.

P. To complete and file the Charitable Return (assistance available from Synod office)

In respect to the Financial Statements:

Balance Sheet

Assets - Cash - Bank selection and arrangements
- Changes in signing authority
- Reconciliation of account(s)
- Investments - account for all receipts
- Verify statements
- Monitor income
- Research and advise on renewals
- Control keys and arrange for safety deposit box
- Fixed assets - update valuations regularly
- Confirm insurance valuations

Liabilities
- Current - Reconcile and monitor
- Trusts - Allocate income
- Control additions
- Determine usage constraints and control withdrawals
- Equity - Monitor annual changes and report to council and parishioners

Working Capital - Monitor monthly and forecast requirements
- Arrange for coverage of short-falls or short term investment of surplus

Income and Expenditures

Income -Work with other people to arrange for the receipts, counting, record/deposit and deposit all collections received by the church
- Receive, record, classify and deposit all others
- Classify collections in accordance with Synod Annual Financial Return
- Code and file for entry and reference

Expenditures - Receive and vet all expenditures incurred by the parish
- Control, cash and file for entry and reference
- Monitor expense classification and alter as necessary.

Surplus/Deficit -Monitor and determine origin of significant differences from budget

DUTIES OF THE TREASURER - REVENUES

The Treasurer must keep a record of all monies received for the support of the local church. Since the Treasurer is accountable for these receipts s/he is responsible to set up and keep proper bookkeeping records.

Contributions to any Pass Thru Funds (PWRDF, VST, Sorrento, etc.), or to any special purpose fund authorized by the Church Committee, and amounts received in trust. Unreasonable delay in 1) forwarding applicable funds to the synod office; 2) using the gifts for their intended purpose; or 3) using them for some other purpose, is a breach of trust. An action of this kind is not only morally wrong , but may be a criminal offence.

It is important that contributors are provided with official receipts for Income Tax purposes at the end of each year specifying the amount of their contribution for local purposes, to any Pass Thru Funds and to any special funds. Preferably this should be done by someone other than the Treasurer i.e. an Envelope Secretary. The Treasurer, with the Envelope Secretary should be certain that the proper government forms are completed annually so the churches charitable society status is not jeopardized and tax receipts invalidated.

DUTIES OF THE TREASURER - EXPENDITURES

GENERAL

The Treasurer shall disburse monies received for local church purposes under the direction of the Church Committee and keep detailed records of all transactions . It is reasonable to authorize the Treasurer to make payment for regular disbursements such as monthly remittances to the synod office (Payroll Benefits, Assessment, Insurance, etc), local taxes as applicable, light, water, fuel, telephone and similar items. No unusual payments should be made by the Treasurer without approval in advance by the Church Committee. The Treasurer should report to the Church Committee all disbursements made in the period prior to the 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 Church Committee, monthly (or quarterly) statements of account showing the current financial position of the church for the period.

AUTHORIZATION OF EXPENDITURE

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

Suppose, for example , an interested member of one group or another, becomes aware of a condition requiring attention and, without prior consultation with the chairperson or other officers, proceeds to have work done or purchases made on her/his own initiative. Too often the other officers and the group itself condone this because the member who commits the group is recognized as an ardent and interested person. A member can get into a habit of committing the group first and seeking their approval afterwards when it is too late for the group or its elected representative to easily dissent.

No one person should have the authority to incur expense for the church itself or any organization of the church other than for day-to-day fixed expenses previously approved by the group or committee. A situation is never so urgent that immediate action need be taken without prior consideration by other responsible elected representatives . Consult before you commit.

METHOD OF PAYMENT

The most 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. The basis of the disbursements system is a manual cheque with stub that can be obtained from the bank or computer form cheque with stub that can be ordered from most printers.

The signing officers should not, at any time, sign a cheque until they are fully aware of the transaction involved and understand completely its terms and then only after the account has been presented to, and approved by, the group or committee to which the account applies. A Treasurer or other officer should never complete a cheque or cheques and seek out a second signing officer who goes through the formality of signing without any or perhaps only a cursory examination of the detail relative to the expenditure.

It is realized that many arguments and objections could be raised against strict adherence to the forgoing recommendations but the signature is a safeguard against careless methods. It may seem convenient to pay accounts by cash but the practice should be avoided for all but minor transactions in the interest of orderly and controlled procedures and the maintenance of substantive records.

DIRECT BANK DEDUCTION

In some cases, a few of the parishes are having their regular monthly remittances to the parishes deducted directly from their bank accounts,along with their payroll deduction . Any parish can do this. It is just a matter of completing a **Pre-Authorized Payment Authorization.**

As a general rule, books, records and related vouchers should be retained for a period of six calendar years after the year in which the record was originated. This is a requirement of the Income Tax Act applicable to charitable organizations.

No books or records should be destroyed prior to the expiration of the retention period without written permission of the Minister of National Revenue which is obtained from your local District Taxation Office. The same clearance should be obtained from the provincial taxation authority. The following information will be required:

1.) A clear identification of books, records or other documents to be destroyed.
2.) The taxation years for which the request applies.
3.) Details of any special circumstances which would justify destruction of the books and records at an earlier time than that normally permitted.
4.) Any other pertinent information.

Permission will not likely be granted to destroy "permanent records" such as minutes, by-laws and general ledgers . Donation Envelopes: There is no requirement to keep donation envelopes. It is recommended that you keep at least one years' worth, so that if anyone has any questions or concerns you have something to refer to.

EXAMINATION OF ACCOUNTING RECORDS

Every parish must have an independent person examine their accounting records annually to authenticate their annual financial statements . In the past this role was called an auditor but the term "audit" now denotes a much higher level of authentication than is required. The examination both adds credibility to the statements and acts as second view of them.

The person who examines the records should be provided with the original invoices, bank statements and canceled cheques, all record journals and a letter from the envelope secretary confirming the total amount of tax deductible receipts issued. They should test all sources and calculations for at least three months during the year and produce a signed statement to be attached to the financial statements in a format similar to the following.

I have examined the financial records of the parish and believe that the financial statement *presented fairly reflects the transactions recorded. My examination included...... My examination was unable to verify....*

GUIDELINES FOR AN ACCOUNTING SYSTEM

GENERAL **File #3.1**

In setting the guidelines for accounting, it is recognized that some parishes/churches in the Diocese already have well-established systems that are providing their members with clear and precise information. It is also recognized that there is the possibility that the systems now being used in some churches may tend to present information that is confusing and even perhaps inaccurate.

The system used must provide up to date information for the preparation of the financial statements, as well as the cumulative information.

CHARITABLE ORGANIZAT/ONS

RECEIPTS FOR INCOME TAX **File #5.1**

Canada Revenue Agency deemed that the Anglican Churches within The Diocese of British Columbia should be an extension of The Diocese of British Columbia Business Number which is 11878 7142; therefore, the Canadian Charitable Organization Registration number for the Anglican Churches within The Diocese of British Columbia is an extension (0001, 0002, 0003, etc.) of **BN 11878 7142 RR.**

The original tax receipt is to be sent to the donor and the duplicate 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 SN/Registration number;
- a notation that it is an official receipt for Income Tax purposes

As not all churches can afford to have special receipts printed, serially numbered receipt forms can be purchased in duplicate (e.g. Blueline DC74). The Blueline book receipts are already numbered but in order to eliminate the possibility of duplicate numbers and to keep the numbers in chronological order, it is suggested writing your own receipt numbers using a two-part numbering system. The first part would be the calendar year (e.g. 16) and the second part would be the chronological order of the receipts written in that calendar year (e.g. 001 for the first receipt of the calendar year). The receipts would therefore be numbered 16-001, 16-002 and so forth. This numbering system will accommodate up to 999 receipts in the calendar year. It is acceptable to a rubber stamp bearing the name and address of the charge and "Official Receipt for Income Tax Purposes, Registration Number.

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

A donation/gift that qualifies for a tax receipt involves a voluntary transfer of **property** for which the donor receives or expects nothing in return. Cash gifts include not only money but cheques , money orders, and other negotiable instruments . A contribution of services (i.e., time skills and effort) does not qualify as a gift, since services are not property.

Where the donation/gift is of property other than cash it is sometimes called a **donation/gift in kind** and covers such items as artwork , equipment, and land. The receipt must also contain a brief description of the property and the name and address of the appraiser of the property if an appraisal has been made (an invoice). The amount shown on a receipt for a gift of property must be the fair market value of the property as of the date the gift is made.

A charity should not issue tax receipts to acknowledge the **services rendered.** Rather, the person providing the service should bill the congregat ion for her/his work and receive payment in the usual fashion. If the person who has provided the service cares to donate an equivalent amount to the charity, s/he should do so and receive a receipt in return. Otherwise, the charity could find itself in the position of being a party to a fraud whereby the person who provides the service evades tax by not reporting the consideration received (in the form of a tax receipt) as income.

Prepare receipts legibly so that they cannot be easily altered without detection. If a receipt is illegible or incorrect, cancel it by marking "cancelled" across the face. Retain the original copy with duplicate copy(ies). Mark the replacement receipt "Replaces receipt No. ...." without obliterating or dropping the number of the replacement receipt.

Canada Revenue Agenc y. Taxation will not allow improperly completed receipts to be used as deductions from income.

ANNUAL INFORMATION RETURNS

GENERAL **File #5.2**

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

Charities Directorate
Canada Revenue Agency
Ottawa, ON K1A OL5

Registered charities are required to file a Registered Charity Information Return and Public Information Return - Form T3010 within six months after the charity's fiscal year end. This return enables Canada Revenue Agency, Taxation to ensure that:

(i) a specified percentage of the funds for which receipts were issued in the previous year are spent on charitable activities in the current year, and
(ii) not more than a specific % of income to the registered charity was disbursed to a "qualified donee" i.e. another registered charity.

Item (i) should present no problem to a local church/parish as 100% of expenditures are for the advancement of religion and other charitable activities beneficial to the community as a whole. Accordingly , at least the stipulated percentage of the prior year's donations will be spent on charitable activities.