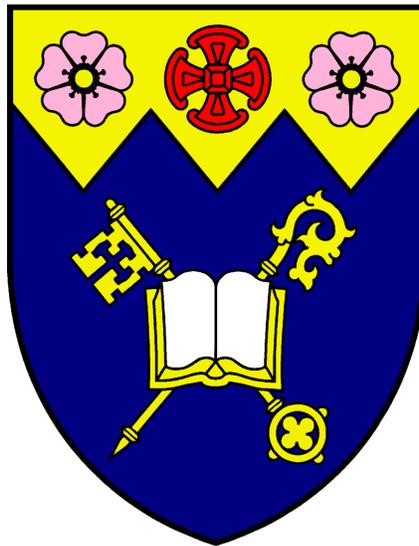


# DIOCESE OF EDMONTON



## TREASURER'S HANDBOOK 2023

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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 by 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 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 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 jeopardised 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 unusual expenditures should be authorized by vestry prior to being incurred. 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 showing the current financial activities and position of the church for the period.

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 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. 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.

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 kept 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**

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 Treasurer must reconcile the bank account with the bank statement monthly.

If the Treasurer wishes to make major changes to 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 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 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 10 years.

We recommend that after seven years, records to be kept permanently as described below 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.

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

### **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. There should be an off-site backup of the data.

**Other Forms**

All forms are available for download on the diocesan website: <https://edmonton.anglican.ca/parish-info/pages/treasurers-toolbox>

**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 20<sup>th</sup> 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 22<sup>nd</sup> of the month. This procedure saves you 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 (PAG) 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 1<sup>st</sup> or the 15<sup>th</sup> 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. 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](http://www.canada.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), 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.

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 T3010-1 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 charitable donation receipts.

### **Preparing the Return**

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

Each year the parish will receive a T3010-1 package from CRA well in advance of the filing deadline.

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 donor; thus apportionment paid to the diocese would be reported under this heading.

Completing the return can be challenging as the expenditure headings may not match your financial statements. 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 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 kilometre 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. 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****STAFF**

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**OFFICE HOURS**

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