

EXPLANATIONS

INCOME:

OPERATING:

- A** From members including organizations:
Include all contributions through weekly envelopes, special envelopes (Christmas, Easter, Thanksgiving, etc.), open offerings.
- B** Endowment income and interest:
Include bequests and interest from bank deposits, and investments that are allocated for operating purposes..
- C** Diocesan grants:
Grants from the diocese, including grants for parish ministry.
- D** Other:
Donations for use of hall, operating loans, fund raising projects (net of associated costs), etc.

CAPITAL:

- E** From members including organizations:
All contributions allocated for purchase, renovation or restoration of land, buildings or equipment.
- F** Endowment income and interest:
Include bequests and interest from bank deposits, trust funds, and investments that are allocated for capital purposes.
- G** Loans: Include all loans for capital purposes.
- H** Other: Capital fundraising projects (net of associated costs), etc.

DESIGNATED (J, K, T):

Include all recorded amounts received from donors and transferred to other charities that are outside the scope of parish ministry and mission (e.g. PWRDF), where the parish is acting on behalf of the organization and/or where the donor has specifically directed that the donation is not intended for the parish (i.e. a parishioner's regular contribution to PWRDF). Do not report, on these lines, funds used for ongoing parish mission and outreach, regardless of the style used to collect them. Income generated by special functions, segregated lines on envelopes, separate baskets at the back of the church, etc., that is used for regular parish ministry (i.e. annual outreach) is not 'designated' as the term is used in this context. However, all payments made to other charities should be recorded on line T as any revenue used for this purpose is not considered assessable income.

OTHER EXPENDITURE (R):

This section is used for unusual situations that arise from time to time where it is agreed a deduction from assessable income should be allowed. All curacy costs should be included on this line. Fund raising project costs should also be recorded here.

FUND BALANCES (M, N, X, Y):

Fund balances should include investments on hand in addition to bank account balances. The purchase of new investment instruments and maturing of existing ones are neither expenditures nor revenues respectively, but merely transfers from one safekeeping location to another. Investments on hand are shown as part of the fund balance from which the investment was made.

ADDITIONAL INFORMATION

The following comments have been prepared for consideration in preparing your Congregational/Parish Financial Reports (hereafter referred to as C/PF REPORTS).

GENERAL COMMENTS

1. All financial statements that are presented to your annual vestry meetings are to be included with your C/PF REPORTS including statements of church organizations such as ACW, Altar Guild, etc. The activities of all church bank accounts should be within these statements. The purpose of this requirement is to ensure that there is an equitable interpretation of the content in all statements in preparing C/PF REPORTS. It also provides a more meaningful and consistent diocesan statistical summary that is published regularly. These activities are also required to be reported on the annual charity return (T3010) to Canada Customs and Revenue Agency.
2. Where a parish undertakes money raising projects, income is to be reported as the money taken in (revenue) reduced by the money paid out (expense) to earn that income (project net income). GST rebates should be netted against the expenditures to which they pertain (ie. capital and/or operating).

CAPITAL AND OPERATING FUND BALANCES

3. All funds on hand at the year end should not, automatically, be considered to be capital funds for congregational/parish financial reporting purposes. Funds on hand at the year end should only be reported as capital if a significant and urgent project has been identified and is in process, or will be in the near future. However, major bequests and endowments can be considered 'capital' funds. As can designated funds on hand not yet sent to the applicable charities by December 31.

PURCHASE OF LAND, BUILDINGS, AND EQUIPMENT

RENOVATION AND RESTORATION

4. The purchase of land, buildings, and equipment would normally represent a capital expenditure. Outlays for small items like calculators, coffee makers, etc., because of their relative immaterial cost and limited useful life, would normally be perceived as routine operating expenditures.

Major rebuilding and renovating projects would normally represent a capital expenditure. As with small equipment purchases, judgment is required to determine the distinction between capital and operating expenditures. The nature of the work and its cost will both be factors.

5. Neither of these categories is intended to be used for the purchase of books.

AUDITOR SIGNATURES

6. Financial statements in support of C/PF REPORTS should show evidence of having been audited. The term 'audited' does not mean a professional audit is required, as the term is used by the Canadian Institute of Chartered Accountants, which could result in a substantial cost to the parish. It would be beneficial and may be possible to acquire such an audit should a congregational member be qualified and willing to perform this function as part of his/her contribution to the work of the Church. The size of the parish would dictate when it would be desirable to have a 'professional' audit performed, regardless of the fees involved. However, as a minimum, knowledgeable parishioners should be appointed to annually review the books of account and the internal control procedures in place.

CENTRAL TREASURER REPORTING

7. Central Treasurers are required to submit C/PF REPORTS in order for the financial position of the parish to be complete. For example, capital activity often exists at the parish level (e.g. rectory renovations) which would not otherwise be known.

USING THE 'CALCULATOR'

(an electronic version can be supplied upon request)

8. The attached 'green sheet calculator' can be used as follows:
- (a) enter the appropriate line identification letter from the C/PF REPORT beside each amount on your audited financial statement for each fund operated by your parish/congregation;
 - (b) on the 'calculator' page, identify a column for each fund operated by your congregation/parish. If more than six funds exist, create additional space by copying additional 'calculator' pages;
 - (c) from your audited financial statements, tally the dollar values associated with each line identification letter (see 8a above) and enter the total on the appropriate line of the applicable fund column on the 'calculator';
 - (d) total the 'calculator' down and across to determine arithmetical accuracy ($O = Z$);
 - (e) from the 'TOTAL' column of the 'calculator', transfer the values to the corresponding lines on the C/PF REPORT. Please note there is not a line on the C/PF REPORT for inter-fund transfers ('in', 'out'). These amounts should offset each other ($in = out$). As a result, O and Z, may not be equal for each individual column, but will be equal in the final 'Total' column.

Please attach a copy of these calculations with your report.

9. It would be helpful if multi-point parishes completed separate reports for each congregation rather than combining them on one report. Central Treasurers should also submit a 'green sheet' (see 7 above).

GREEN SHEET CALCULATOR HELPFUL HINTS

1. Be sure to enter data from **all funds** (i.e., operating, capital, trusts, GIC's, ACW, Altar Guild, special purpose, etc.). This can be facilitated by coding **each line** of the audited financial statement for **each fund** with the appropriate letter code shown on the green sheet. Then, tally each letter code and enter in the appropriate space in the column for that fund on the 'calculator'.
2. Transfers between funds should not be shown as income or expenditure as they do not increase or decrease funds on hand in total. They should be shown on the lines provided (below 'Z') in order to balance each column on the 'calculator'. These transfers are not reflected on the green sheet as they cancel each other out by the time all funds have been listed and added across to the 'Total' column.
3. HST recoveries should be reflected as a negative expense on the expenditure line on which the GST was originally paid. Do not show as income.
4. Fund raising projects can be reflected using the net income experienced from the project. However, gross revenue can be reported in the income section and project costs can be reported on line R. This will assist in the completion of the CRA charity information return later in the year. At the same time, assessable income will be limited to the net income from the project.
5. The purchase of GIC's or other investment instruments should **not** be shown. It is merely a conversion of the fund balance from one form (cash) to another form (e.g. GIC). Investment instruments on hand at year end should be shown as part of the fund balance from which the investment was made. No entry should be made on the green sheet for the purchase or maturing of investments.

To appreciate this point more clearly, a separate fund column can be established on the 'calculator' for investments. Purchases of investment instruments would be shown as 'transfers from other funds' in this investment column and as 'transfers to other funds' in the fund column used to purchase the investment. When the investment instrument matures and is converted to cash for deposit to the original fund, the opposite entry would be made.

The 'investments' fund would have a fund balance on hand at the year end equal to the actual holdings at that time. This fund would be treated as an operating fund or a capital fund based on either the source of the cash reserves used to acquire the investments or their intended use.

5. Central treasurers can also use this 'calculator'. The only special rule to follow is to show transfers from congregations as a negative expenditure. The appropriate expenditure line will depend on the purpose of the transfer and how it has been shown within the congregation's financial report. By doing so, the true level of parish expenditures will be reflected once all reports are integrated on a diocesan basis.