**Ministry of Managing Money Part I**
**Where do I begin? Financial roles, vocabulary, software & budgets**

**Q: Does the Treasurer have to be a member of the Board or Session?**

A: Though the Treasurer does not have to be a member of either the Board or the Session, they are often a member of the Board.

**Q: Can the Treasurer also be a Trustee?**

A: Yes

**Q: Can the Treasurer also be Clerk of Session?**

A: Yes

**Q: Can the Treasurer be a paid position?**

A: The position of Treasurer is often voluntary, but it can be paid. A congregation might hire a bookkeeper or office administrator to assist with a number of the Treasurer’s duties.

**Q. Who operates the Consolidated Portfolio and what kind of securities does it contain?**

A. The Trustee Board of The Presbyterian Church in Canada is responsible for ensuring that the Fund is managed in a prudent and effective manner with respect to the preservation of capital and the earning of investment income.

The Fund is managed on a going-concern basis, with the primary qualitative objective of maximizing the long-term total rate of return commensurate with an acceptable level of risk. The minimum quantitative investment total return objective of the Fund is CPI plus 2% over a rolling 4-year period.

The Fund is diversified by asset class, geography, security (through well diversified portfolios of bonds, equities and alternatives) and investment managers.

If a congregation wants to invest in the PCC’s consolidated portfolio—or wants general information about that portfolio or reports on their portfolio—they can contact Oliver Ng Ong@presbyterian.ca

**Q: Can a Presbytery-owned camp invest in the Consolidated Portfolio?**

A: Yes, as long as the investment meets the established criteria. There is currently a minimum initial deposit of $150,000 required to invest.

**Q: Must congregations follow Canadian Generally Accepted Accounting Principles (GAAP) and apply amortization?**

A: Congregations don't have to follow Canadian Generally Accepted Accounting Principles, but it is advisable to do so, particularly for larger congregations. If congregations operate books on a cash basis rather than accrual basis, they don't apply amortization.

**Q: Can the Treasurer do the count and deposit?**

A: Yes – but it is always advisable to have more than one person involved.

**Q: When should annual receipts be issued?**

A: According to the CRA, there is no legally required timeline for sending tax receipts. However, it is a general practice to have them out by Feb 28, in time for filing deadlines.

**Q: When do employee T4 slips need to be issued?**

A: The T4 needs to be in an employee’s hand by the last day of February for the preceding tax year.

**Q: Is it possible for a church to send e-transfers?**

A: Congregations can’t send Interac e-transfers but can do an Electronic Funds Transfer (EFT), which requires the sender to have the bank account number of the receiving entity. Ask your bank to see what your plan includes. Some may have fees for EFTs.

For information on *receiving* gifts by e-transfer visit: <https://presbyterian.ca/wp-content/uploads/E-Transfer-Best-Practices-For-Congregations.pdf>

**Q: It’s hard to obtain a Treasurer. Is this because of the long list of duties the position demands?**

A: Absolutely - it's also why more and more congregations have office managers and bookkeepers who support the treasurers in these roles and why some congregations have begun to pay their treasurers.

**Q: Our current minister is retiring at the end of the year. Are there tax implications if we give her a substantial financial gift?**

A: Yes, if you give her a substantial gift because of her employment, it is a taxable benefit and will need to be reported

The minister must report the income separately on her income tax. Note, however, that the CRA allows NON-Monetary gifts of $500 or less for employees without reporting the gift.

**Q: What types of grants are available for congregations?**

A: Some congregations have accessed grants from foundations, municipal governments, national office, presbyteries etc.

**Q: Where can I purchase accounting software?**

A: Non-profit organizations can purchase some software products at substantial discounts from www.techsoup.ca .

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**Ministry of Managing Money Part II:
Receiving & Receipting God’s Gifts: Exploring Congregational Revenue**

**Q: Can the Treasurer be one of the counters?**

A: Yes. However, ideally, to maintain separation of duties and avoid situations where one person has access to two stages of the process, the Treasurer doesn’t handle the money. Counters handle money. Envelope Secretaries enter the Counters’ information into the offering program. The Treasurer enters the Counter’s information into the accounts. The auditor will review the accounts and reconcile the Offering and the Accounts. This protects everyone in the process. However, as congregations get smaller and smaller, some of these duties may overlap. The most important thing to do is ensure there are always at least two unrelated people handling the funds.

**Q: We are a small network of house churches so counting isn't done at the end of the service. The bookkeeper receives the donations and counts and deposits. Does there still need to be a second counter present?**

A: It is recommended that there be at least 2 counters, especially when dealing with cash. It is really best practice – to protect the bookkeeper – to have another person witness the transactions.

**Q: How long must the envelopes that gifts come in be kept?**

A: Envelopes need to be kept for 7 years. However, copies of charitable receipts only need to be kept for 2 years past the end of the fiscal year they apply to.

**Q: If a donor decides to designate an amount for the Pastor’s spouse because she is studying a religious program, how is this dealt with?**

A: Just like the minister, a gift given directly to an individual cannot be tax-receipt-able. Gifts must be freely given to the church. That does not mean that the church could not choose to donate a sum of money toward the education of a pastor’s spouse, but the church cannot be used as a conduit.

A person could still give the minister’s spouse a gift; it’s just a personal gift, like you would give to a friend or family member studying. It’s not receipted as a charitable gift.

**Q: Can a concert give a receipt?**

A: If you are selling tickets to a concert, you need to deduct the value of the performance from the receipt. The question is how to determine the Fair Market Value (FMV) of the concert. You could base this on other concerts the person performs. For example, the congregation could sell tickets for $100, and the performance is worth $50. They could give $50 receipt. However, if the church has a concert open to the community, and people are invited to give a free-will offering—so they don't need tickets to attend—then you can receipt the full amount.

***Q.* What if the concert is the church’s choir, for which there is no FMV, can the ticket be receipted?**

A: No, if you can’t determine the FMV of the advantage, you can’t give a receipt. If someone has to buy a ticket to attend the concert, you need to determine the FMV of the advantage, in order to give a receipt. If the concert is open to anyone to attend (you could give tickets for free if numbers are a concern), you can collect a free-will offering at the concert and then give receipts for the offering. You could suggest amounts for the free-will offering, but you might underestimate people’s generosity. Many congregations have raised more through free-will offerings—and a compelling reason what the funds will be used for—than they ever have by selling tickets. One donation of $1000 could replace a lot of tickets. A concert can be an excellent venue for you to present a compelling reason to give. Consider making a short inspirational video to show at the concert, so people can see the difference their gift will make.

**Q. We operate on a cash accounting basis and we have been providing receipts for gifts which have been deposited into our bank account on or before Dec. 31. However, a former treasurer informed me that if a gift is received in the mail in January 2022, as long as the postmark on the envelope is December 31, 2021, or earlier, and the date on the cheque is on or before Dec 31, 2021, then the donation should receive a 2021 tax receipt. Is this true? How should it be accounted for?**

A: The former treasurer is correct. If someone mails a cheque DATED Dec 31, 2021, and the envelope has the postmark on or before Dec 31, 2021, a 2021 receipt should be issued because the donor made the donation in 2021. The church MUST keep a copy of the post marked envelope and the cheque and even then, the envelope must be received within 10 business days of the first of the year. The important element is that the person made the donation to the congregation on or before Dec 31, 2021. It’s a good practice to keep the date stamped envelopes for all 2021 cheques received in 2022. IF you have one which is dated 2021, but post marked 2022, it is a 2022 donation.

For accounting purposes the 2021 donations deposited in 2022, can be booked as cash received Dr cash Cr offerings. The late deposit can be treated as an o/s (outstanding) deposit on the bank reconciliation. The following shows how a late offering of $1000 could be reflected in the General Ledger.

                                              Dr.                     Cr.

Cash / bank account   $1,000.00

Offerings                                                  $1,000.00

*On the bank reconciliation*

Balance per bank statement.         $1,234.56

Outstanding deposit.                                   $1,000.00
Bank balance, per general ledger.             $2,234.56

Note: If someone wants to make a year-end gift to your congregation, but the post office has closed for the year, and your congregation doesn’t have a way to give online, they can give through CanadaHelps.org. If they give on December 31st, CanadaHelps will mail your church a cheque by the end of January, but the donor will get the receipt on the day they give, since the receipt comes from CanadaHelps.org, not your church. The fee for giving through CanadaHelps.org is approximately 4%.

**Q. We have a couple of regular donors who contribute using Tithe.ly. There are always a few days of delay from when the person makes the donation to when it is actually deposited to our bank account. I inquired earlier and was given to believe that I am to record the donation as the same day as it is deposited to the account, not the day the donation is made to Tithe.ly. Is this true? If so, my question is how do I handle the end of the year donation(s) if we do not receive the deposit until January 3 or 4th?**

ANSWER: Treat those donations like you would Dec 31 cheques, in the answer above. For cheques, you keep the envelope as proof that they were sent on or before December 31. For Tithe.ly you’ll have the electronic notification from them about when the donation was actually made. You can record the donations as received on Dec 31, 2021 and do the accounting as indicated above.

**Q: If a person "donates" the cost of sending a specific child to one of the Presbyterian camps and this child is NOT related to the donor, is this person entitled to a receipt?**

A: This situation is a little bit nuanced. If the individual is identifying a specific child, making the donation for that specific child, and being receipted for that gift, the congregation is really just acting as a conduit for that individual to send a child to camp. This sounds like the situation you are describing and technically shouldn’t be receipted.

Sending children to camp definitely falls in the mission of the church, especially camps connected to the denomination. If the church establishes a fund to send children to camp and has a process to identify who qualifies to be sent, a donation to send a child to camp can be receipted. The names of children people would like sent to camp could be submitted to the committee, but their donation shouldn’t really guarantee that child should go. And donations can’t be returned. But if someone hears that there were five children the church wanted to send to camp, and there was only enough funds to send four, and someone made a gift so the fifth could be sent, that would be a gift.

**Q: A member of our congregation passed away. The person's family donated some of her personal framed artwork (she was the painter) to the church for the purpose of a fundraiser. We held a silent auction with minimum bids of less than $100. We raised less than $1000. One of our members of the Finance Committee thought we could give a receipt based on what the paintings sold for. As it was less than $1000, are we able to give the estate a receipt?**

A: The art shouldn’t be receipted for the amount it sold for, but for it’s fair-market value. A $900 painting which sold for $100 could be receipted for $900. A $100 painting which sold for $2000, should be receipted for $100.

Fair market value is generally the highest dollar value you can get for your property in an open and unrestricted market and between a willing buyer and a willing seller who are knowledgeable, informed, and acting independently of each other. See CRA website Determining fair market value of non-cash gifts: www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/issuing-receipts/determining-fair-market-value-gifts-kind-non-cash-gifts.html

If you can’t determine the fair-market value, you can’t give a receipt, so the key is being able to determine the fair market value of the art. Because you estimate that it is less than $1000, it doesn’t need a professional appraisal, just a qualified, informed opinion of what the value would be on the market. (You might think that the sale price could be an indicator of what the FMV is, because someone has bought it for that price. But really, it’s not an open market. You really don’t know if they were paying for the painting, or making a gift to the church. For example, Sunday School art, could sell for $250, but would never sell for that much on the open market.

You could ask an art gallery or a member of the congregation with a knowledge of what local art, what the value might be, based on the quality of the art, the size and how much similar art sells for. You could find out what the value of the framing, and include that in a calculation.

If you can’t determine a FMV, you can’t issue a receipt. But in this instance, I think that it wouldn’t be too hard to estimate a reasonable value.

**Q: When we receive donations "in memory of '' by a member of the church, the practice of our envelope secretary is to add this donation to the regular donations, and it is included in the total donations for the year. Should these receipts be separate?**

A: These donations don’t need to be receipted separately from any of the other annual donations. You can group donations by cheque, cash, envelope, online all together on an annual consolidated receipt. You only need a special receipt when the receipt requires additional information on it, like gift-in-kind, gift of securities, gift of life insurance. Memorial donations don’t require special information on the receipt, so no need to keep those donations separate.

**Q. A donor disagrees with a congregational decision and has asked us to return the gifts they have made earlier this year. The gifts have already been receipted.**

In most cases, a registered charity cannot return a donor's gift. At law, a gift transfers ownership of the money or other gifted property from the donor to the charity. Once the transfer is made, the charity is obliged to use the gift in carrying out its charitable purposes. [www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/receiving-gifts/returning-a-gift-a-donor.html](http://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/receiving-gifts/returning-a-gift-a-donor.html)

If the transaction was made in error by the person, it would not be considered a gift. It would not meet the ''intention to make a gift'' and a return may be made. Hopefully this can be done before the receipt is issued. If the receipt was issued, it must be cancelled and a replacement receipt issued and the CRA should be informed, as the person may already have claimed a tax credit. www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/receiving-gifts/returning-a-gift-a-donor.html .

Qualified donees that return property after March 21, 2011, must file an information return if an official donation receipt was issued for the original property, and if the returned property has a fair market value of more than $50. The information return must be filed within 90 days after the day the property is returned. This allows the Canada Revenue Agency (CRA) to disallow a tax credit or deduction that was claimed in a prior year in relation to the returned property.

A donor’s income tax return may be reassessed for any claim that can reasonably be regarded as relating to the returned property. Consequently, the portion of the charitable donation tax credit or deduction related to the property may be disallowed. [www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/guidance-016-qualified-donees-consequences-returning-donated-property.html](http://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/guidance-016-qualified-donees-consequences-returning-donated-property.html)

**Q: Many couples in our church give using cheques with both their names on it. Sometimes it is signed by one spouse, the second time it is signed by the other spouse. In whose name should we issue the receipt?**

A: Where a charitable donation is provided by way of a cheque written on an account held jointly by spouses, that is both names appear on the cheque, the charity can issue the official donation receipt in either or both names, regardless of how the cheque is endorsed. A best practice is to put both names on the receipt. You could issue one annual consolidated receipt with both names on the receipt, or one-receipt-per-gift with both names on the receipt. [www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/policy-commentary-010-issuing-a-receipt-a-name-other-than-donor-s.html](http://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/policy-commentary-010-issuing-a-receipt-a-name-other-than-donor-s.html)

**Q: Can I issue tax receipts on the basis of a list of the names of donors who have donated cash and one individual has sent an EFT/written a cheque/made an online gift to our congregation?**

Tax receipts may only be issued to the true donor (the owner of the property donated). If the person sending the funds indicates that the people on the list gave them the money, you can issue the tax receipt to the true donor if you have the list of all needed for the tax receipt

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M**inistry of Managing Money Part III
Sharing God’s Gifts: Exploring Congregational Expenditures**

**Q: Where can I find the Treasurer's Handbook?**

A: The handbook can be found at [presbyterian.ca/resources/finance](https://presbyterian.ca/resources/finance/). Scroll down to find the link to download the PDF.

**Q: Should the step increase for Ministers continue after 8 years of service?**

A: Once a minister exceeds the top increment, the congregation is not obliged to pay more than the COLA adjusted 8th increment amount each year. That meets the minimum requirement. However, many congregations pay more than the minimum in an effort to be generous and to meet the needs of their minister.

The Minimum Stipend Scale as printed annually in the A&P increases by COLA, so a 20-year minister cannot be paid less than the most current Step 8 amount. Using the annual published COLA is an easy way for congregations to budget for the coming year.

**Q. Regarding Housing Allowance, in the past we have usually matched the same % increase as the stipend (COLA), but this year, in light of the rising rental costs, some are concerned that this is too little. Should we be considering other factors while still keeping in mind our ability to pay?**

 A: Yes, you can consider other factors, and congregations can choose to pay more than the minimum required by the GA and their Presbytery.

The housing allowance is to be "reviewed on a regular basis" which some view as annually and other congregations as every 3 years. The housing allowance is not based on inflation but on real estate/rental for your local area. If providing a "fair market value" housing allowance, have a professional provide this number.

Follow the guidelines in the minister’s call and consider what will make it feasible for the minister to stay. It could be more costly to lose a minister than to increase the housing allowance so the minister can stay.

The General Assembly Office has spoken with treasurers about making judgements in individual cases and finds that there are any number of scenarios that can emerge. Contact them if you would like to discuss specific circumstances.

**Q: Are ministers considered self-employed?**

A: Ministers are not self-employed. They are employed by the Presbytery (only the Presbytery can change the employment status) but the congregation is responsible for paying everything in the Call document and ensuring that the CRA & PCC remittances are made.

**Q: If a clergyperson has not completed the T1223 Clergy Residence Reduction, is the housing allowance considered non-pensionable income or is it pensionable?**

A: Whether the clergy completes the T1223 does not affect the qualifying income calculation. It is still stipend + 60% in lieu of housing and allowances.

**Q: Do we have to apply for the residence deduction every year even though the minister doesn't change?**

A: Yes, you have to complete the form every year. Send the forms in ASAP but you will have to remit full tax until you receive the CRA letter back from the minister. You can still apply and reduce tax when you receive confirmation from CRA.

**Q: Our Minister is paid a housing allowance. She does complete a T1223 for me, but she does NOT submit it to Revenue Canada along with the letter of employment from the church. Should I be insisting that I need the response from Revenue Canada and wait to take off the appropriate tax until I do get the letter?**

A: It is to the Minister’s advantage to receive the reductions in their taxes. If the Minister does not want to send the form in to CRA for the deduction in taxes, you cannot insist, however, you should not take the clergy residential deduction off without the letter from the CRA. Until you have the letter from the CRA, you should just take the appropriate tax as per the CRA website. Whoever is doing their taxes at year-end should advise them of the advantage.

**Q: Regarding study leave, I understand that the minister is entitled to $600 per year for a maximum 5 year-period. Our minister has been with us now for 5 years and has only taken one week study leave to study at home and we paid approx $40 for a book (2019). I have set aside, as a liability, the remaining $2960. My question is this...is this $3000 a one-time expense? If over the next couple of years she utilizes the $2960, do we start the $600 again the following year for another 5-year period?**

 A: Once the Minister has the maximum time and money in the ‘bank’, they can’t build up a reserve more than that. When they use what is in ‘the bank’ though, then it should be topped up each year until the maximum is achieved again. For example, the minister has $3000 and 10 weeks of study leave they haven’t taken over 5 years. They decide to take a summer course at their local university which costs $2400 and takes three weeks of time. That will leave them with $600 and seven weeks in their ‘bank. The next year they get added $600 the next year and another two weeks, so they will have $1200 and 9 weeks of study leave in their bank. This will accumulate annually, until they reach the maximum again. It’s a good idea for ministers to take their study leave, so encourage them to do so!

MCV suggests that there are two ways to track study leave:

“First-in, First-out” Accounting Principle

Using the accounting principle of “first-in, first-out,” funds are used in the order in which they are received. Study leave expenses are “charged” to the earliest year available, as opposed to the year in which the expense was incurred, until all the money from the earliest year has been exhausted. Each year after Year 5, the oldest year is removed from consideration. For example, in Year 6, only the data in Years 2-6 inclusive is considered. In Year 7, only the data in Years 3-7 inclusive is considered; and so on. The same approach applies to accumulating the time allotment.

“Bucket” Method

One way to track accumulated study leave allowances is with the “bucket” method. With this method there is no concern about the year in which an expense was incurred or charging specific amounts to certain years. Instead, it focuses on the amount of study leave allowance available, up to a maximum of $3,000, and subtracts the amount used.

It may be helpful to imagine that the continuing education allowance is put in a bucket. The congregation adds $600 a year to the bucket, up to a maximum of $3,000. The minister has access to the entire sum in the bucket. When the minister uses some of the continuing education allowance, it is simply subtracted from the total in the bucket. The congregation continues to top-up the bucket with $600 each year until the maximum of $3,000 is reached.

Another bit of advice for treasurers would be to accrue any unused study leave funds annually and keep them in reserve. That way the funds would be readily available when needed, especially if the Minister should need most or all of the funds at once.

Ministry and Church Vocations has created spreadsheets to assist congregational treasurers to track the use of both time and financial allowance for study leave according to the method using the accounting principle of “First-in, First-out” and the “Bucket” Method. Both spreadsheets are available on request by contacting Liz Brewer (ebrewer@presbyterian.ca or 1-800-619-7301 ext. 248)

**Q: Are steps underway to enable the PCC as a bill payee from more banks?**

A: Right now the bill payee option is only available for PCC contributions or health and dental payments for congregations who have bank accounts at RBC or Scotiabank. We hope to be able to have congregations send remittances via the bill-payment function using more banks in the future. You can send Electronic File Transfers (EFTs) from most banks. Ask what fees might be associated with your account.

**Q: Do you need a form filled in if paying through Telpay.ca?**

A: If you are using Telpay to make payments, we ask that your church send a remittance form so that we can match it with the received payment

**Q: Would it be possible to email congregational remittance reports to congregations?**

A: We would love to email congregational remittance reports to congregations - but they are complicated reports to generate and we don't have the ability to send them to congregations individually by email at this time

**Q: Why can we not get the mail sent direct to the treasurer and not the minister/congregation’s postal mail?**

A: This is because we don't have treasurer addresses for most/many treasurers. Furthermore, treasurer addresses change too regularly, and often the changes aren't passed on to us. So mail is sent to the business address for the congregation, which tends to remain consistent. However, if a treasurer sends their email address in, we will send them updates and ideas via email.

**Q: Once a minister receives the clergy deduction letter from CRA, how do you calculate their pay?**

A: The letter gives you a formula and explains how to calculate the deduction.

**Q: If you pay pulpit supply to a different minister each week or two are you expected to prepare a T4A for all of them, given that they are paid $500 or more?**

A: Yes indeed. This is true for anyone you (expect) to pay more than $499 in a calendar year as required on the T4A regulations. The CRA takes this very seriously.

**Q: Our organist left us this year and we have been paying supply organists each Sunday as an honorarium. We are primarily using two people and the amounts paid out will be over $500 each. When I issue the T4A it will be for the total amount paid to the individual LESS $500, if I understand correctly. Is there a point where the CRA would consider them an employee and I should be withholding the appropriate tax and CPP?**

**A:** The T4 slips should include *all* the funds you have paid the organists, including the first $500. The CRA wants people to claim all the income they have received for services; they are trusting people to claim the amounts below $500 on their own.

You can withhold tax and CPP at any time, for any pay level. But it’s probably not worth it for you to do so for casual employees. We haven’t been able to find out if there is a certain amount at which you must withhold tax and CPP – you could ask CRA.

However, if it moves past a transitional time, you should determine the employment status of the organist. If you or a person working for you is not sure of the worker's employment status, either one of you can request a ruling to determine the status. A Canada Pension Plan and employment insurance (CPP/EI) ruling is an official decision made by an authorized officer of the Canada Revenue Agency (CRA).

The ruling confirms whether a worker is an employee or is self-employed and whether the worker’s employment is pensionable, insurable, or both. A ruling can also show the amount of pensionable or insurable earnings a worker has, and whether the worker or payer has to pay CPP contributions or EI premiums. In addition, it can show the number of hours of insurable employment an employee has. <https://www.canada.ca/en/revenue-agency/services/tax/canada-pension-plan-cpp-employment-insurance-ei-rulings/cpp-ei-explained/canada-pension-plan-employment-insurance-explained-11.html>

Who can ask the CRA for a ruling?

* A payer can ask for a ruling if they are not sure whether they should deduct CPP contributions or EI premiums from a worker’s pay.
* A worker can ask whether CPP contributions or EI premiums should be deducted from their pay.
* Service Canada can ask for a ruling for the administration of the EI program.
* The CRA can issue a ruling for the administration of some of its programs.