



# Anglican Diocese of Ottawa

## Managing Finances in the Parish

Some guidelines to assist those with  
responsibilities in administering  
this important part of parish life.

Incumbents  
Churchwardens  
Finance Committees  
Parish Treasurers

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[www.ottawa.anglican.ca](http://www.ottawa.anglican.ca)

## PREFACE

This handbook has been developed primarily to familiarize new churchwardens, priests, treasurers, and lay leaders with the roles and responsibilities within a parish, and also to be a reference source to those who are already more experienced. Please note that nothing in this handbook is intended to replace or contradict the Canons, Bylaws and Regulations (CBRs) of the Diocese (which can be found on the Diocesan website at [www.ottawa.anglican.ca](http://www.ottawa.anglican.ca)), Diocesan policy, or government legislation and requirements.

The roles of Incumbent and Churchwarden were established centuries ago in the Anglican Church. Each parish has one incumbent and two churchwardens. One churchwarden is elected by the congregation at its annual vestry meeting and one is normally appointed by the incumbent. Together, the incumbent and churchwardens form the group of dedicated people who provide the core leadership for the local vestry or congregation.

The Religious Institutions Act of Ontario states that “the temporal affairs of a parish are vested in the rector and churchwardens as trustees.” Accordingly, the financial guidelines in this handbook are not only for treasurers and finance committees, but equally for the clergy and churchwardens, who have the overall responsibility for financial matters in their parishes.

### **General Note re Privacy Issues Related to Parish Finances**

All personal financial information of parishioners, clergy, staff, donors and external users of church facilities is sensitive and must be protected according to the privacy policy of the Diocese of Ottawa. The policy can be found here: <https://ottawa.anglican.ca/privacy-policy-for-ado/>. Individuals who have access to such personal information must be aware of their responsibilities with respect to the collection, use and disclosure of the Financial information of individuals. Specific aspects of financial management are listed in this manual according to topic.

While the Diocese of Ottawa is not subject to the Personal Information Protection and Electronic Documents Act (PIPEDA) in Ontario, external accountants and auditors are. Those supervising their work should ensure they are adhering to best practices with respect to compliance with that law. Quebec parishes and chapels are covered by that province’s privacy legislation.

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## WHO IS RESPONSIBLE?

The Religious Institutions Act of Ontario and the Diocesan CBR's (Canons, Bylaws & Regulations) make it clear that the overall responsibility for management of the parish's finances lies with the incumbent and the churchwardens ("The Corporation"). Usually delegated to a Parish Treasurer are the responsibilities for maintaining accounting records, preparing financial statements, and the maintenance of adequate internal control. In some parishes, a Finance Committee oversees this work.

The Treasurer is appointed each year at the annual meeting of the Vestry.

### **1. CASH MANAGEMENT**

- 1.1 Accountants define cash as money on deposit in banks and any items that a bank will accept for immediate deposit. These include not only coins and paper money, but also cheques.

Among the measures important in the efficient management of cash are:

- 1.2 A budget of planned receipts and expenses
- 1.3 An accounting system that assures prompt and accurate recording of receipts and payments:
- a record of income received and deposited in the bank
  - a chronological register of cheques issued
- 1.4 Internal controls that will prevent losses from fraud or theft (refer to Appendix 5)
- all the money the parish receives, without exception, goes into the parish's bank account
  - collections are counted by at least two people who are unrelated to each other and, without delay, deposited in the parish's bank account
  - all payments, with the exception of petty cash, are paid by cheque (or by on-line banking in some cases)
  - several people are designated as signing officers at Annual Vestry, usually Corporation members, with the requirement that each issued cheque carries two signatures
  - a signing officer must not sign a cheque made out to themselves
  - a means is provided to safeguard any cash while held on site
- 1.5 Policies that prevent unnecessarily large amounts of cash from being held idle in bank accounts that produce little or no revenue:
- consider the purchase of interest-bearing GIC's or term deposits
  - consider the use of the diocesan Consolidated Trust Fund
- 1.6 Policies that assure the availability of sufficient cash to make necessary payments, and which may anticipate the need for borrowing funds:
- via bank loan or line of credit
  - parishioners' interest-free loans

## 2. ACCOUNTING & BOOKKEEPING

### 2.1 General

In many parishes manual bookkeeping will be the norm. In some parishes with suitable equipment and in-house skills, the accounts are maintained using computer software. In both of these situations double-entry bookkeeping is the standard. There are many computer programs available, some created especially for the church environment. Check with your counterparts at other churches to see what they use.

“Cash basis” accounting is usually employed - i.e. revenue is not recorded until received in cash; expenses are assigned to the period in which the cash payment is made.

### 2.2 Accounting Steps

#### Recording of Bank Deposits, with Breakdown of Income Categories

- Deposit logs must be prepared and filed along with deposit slips stamped by the bank.

#### Sequential Recording of Cheques Issued

- Cheques should be pre-numbered
- Cheque stubs should have explanatory information so that appropriate accounts are identified
- Spoiled cheques are marked “void” and filed in sequence so that all numbers are accounted for

#### Posting to Ledger (Book of Accounts)

- A running balance for each account is usually calculated and recorded

#### Monthly Bank Reconciliation

- Compare the ending balance in the bank statement with the balance of cash in the accounts
- Determine items which make up the difference such as outstanding cheques, deposits made too late to be included in bank statement, service charges, interest earned, charges for handling NSF cheques, etc.
- Adjust accounts to reflect these identified differences so that balances are reconciled

#### Monthly Trial Balance

- A working paper, useful to the accountant but not intended for distribution to others. It provides assurance that the ledger is in balance. It also serves as a convenient stepping-stone in the preparation of financial statements.

#### Interim Financial Statements

- These cover the income and expenditures for the year-to-date
- CBR's require that such written financial statements are presented at least quarterly to Parish Council
- Interpretation of the current year's figures is aided if a parallel column shows equivalent numbers for the same period of the previous year as well as corresponding numbers for the current year's budget

#### Annual Audited Financial Statement

- Includes the auditor's report, the balance sheet, statement of income and expenditures in the general account, and income and expenditures in the internal trust funds
- It may be desirable to append notes which will help readers to understand the background or the details of certain line items in the accounts

## 2.3 Audit

All parish accounts must be audited annually (refer to CBR's R.5.06(1-5))

This audit is an examination of the parish's financial records to determine their accuracy. The auditor will carefully look over the journals of the parish, verify that the entries correspond with the cancelled cheques and receipts, and perform several other checks to test the accuracy of the financial records and the year-end financial statements.

If everything is in order, the auditor's report will confirm that the statements present fairly the financial position of the parish at the year-end in accordance with generally accepted accounting principles. The auditor will confirm that trust funds held in the parish have been employed in accordance with the terms of the respective trusts.

Bylaw B.9 related to Parish auditors, states that:

“The Vestry at each Annual Meeting thereof shall appoint an auditor or auditors of the Parish who shall, where such are available, be public accountants duly licensed in the Province in which they practice, and who shall hold office until the end of the next Annual Meeting of the Vestry, and if no such appointment is made, the auditor or auditors then in office shall continue to hold office until a successor is appointed. The auditor or auditors shall examine the financial statements of the Parish and its organizations and report thereon and make such other reports as may be specified by Regulation. Except where such auditor is so duly licensed, more than one person shall be appointed auditors of the Vestry.”

When the Diocese insists on "audits" for parishes it is really saying that the records must be reviewed by someone other than the treasurer, and this will preferably be done by a professional accountant, but if not, by two non-accountants. They are merely asked to examine the records for accuracy and ascertain that there are no illegalities or misappropriation of funds occurring. Non-professional accountants in our Diocese who volunteer to do an "audit" or review of the books cannot express an audit opinion because they are not authorized or trained to do so. A volunteer, licensed professional or not, who is not charging for services rendered, is merely reviewing the books for control.

However, if a church/parish insists on an audit in which the auditor is required to express an opinion on the financial statements as defined by the Accounting Standards body, then only a licensed professional can undertake the audit. The auditor in this case can perform the audit pro-bono but must have the appropriate insurance through the accounting body he or she is a member of.

## 2.4 Parish Trust Funds

These are funds received and retained in the parish which are held for specific purposes, for example, a reserve for future major building repairs, or for Christian education. They are also the temporary residence for flow-through funds designated by donors for outreach, Primate's World Relief & Development Fund, etc., until they are forwarded. An important fiduciary responsibility for the Corporation is to ensure that such trust funds are maintained and used solely for the purposes designated.

## 2.5 Petty Cash Fund

This is a small amount of cash set aside for making minor cash payments for which writing of cheques is impractical, and is kept on-hand in a locked petty cash box or drawer in the office. One person is named as the custodian of the fund.

A petty cash receipt or voucher is prepared for every payment from the fund. The petty cash box will, therefore, always contain cash and/or receipts totaling the exact amount of the fund. When the fund is nearly exhausted it is replenished, i.e. restored to its original amount, by issuing and cashing an appropriate cheque. Based on the accumulated receipts the appropriate expense accounts are then debited. Before being replenished, the petty cash fund must be reconciled to account for the total fund balance and its use. The reconciliation should be signed by the custodian of the fund and provided to the treasurer.

## 3. BUDGETING

### 3.1 Financial Budget

The annual budget is an essential tool in the management of parish finances. It embodies the detailed plan as to how the parish's objectives are to be accomplished with the available resources. As such, the budgeted amounts should be set at realistic and achievable levels. The Treasurer plays a key role in preparing this annual budget. As custodian of the financial records, he or she is the person most knowledgeable about recent trends in parish income and expenditures.

These historical figures, together with the information in the diocesan "Parish Assessment Statement" (Financial Form 3) and along with estimates of income and expenses associated with any new initiatives, are all essential ingredients in preparing the annual budget.

It is essential that Form 3 (just referred to above) is placed in the hands of the Treasurer as soon as it is received in the parish mail. This form details the parish's staff costs, the parish's insurance costs, and Proportional Parish Share for the upcoming year.

All of these costs become an essential part of the parish budget which will be presented for approval by Parish Council and subsequently by Vestry at its annual meeting, usually held in mid-February.

### 3.2 Narrative Budgeting

While the line budget - usually paralleling the format of the annual financial statement - is necessary to the financial management of the parish, it fails to convey to many people a sense of its priorities and mission.

Some parishes make use of a "narrative budget" to present the same data in descriptive terms, transforming mere figures and dollars into a story of the mission and ministry it represents. A narrative budget does not replace the line budget but is complementary to it.

In its most refined form, the narrative budget allocates to each major area of parish ministry an appropriate share of the dollars in each line budget item, e.g. Equalized Cost of Priestly Services (ECOPS), building operating costs, caretaking and administrative services, etc., and for each area of ministry a short description is presented of what is to be accomplished.



#### **4. REPORTING FINANCES**

Care must be taken to ensure that personal information of individuals is not released in any public financial reports unless that individual has consented to the information being made public. This includes the names of tenants in leased properties or information associated with rent paid or other financial situations; also the names of donors. Personal information must be treated on a 'need to know' basis.

The three signing officers of the parish (incumbent and two churchwardens) need to understand the financial health of the parish in regard to any contractual obligations they undertake. They are also responsible for deciding who is allowed to know about individual's donations (for example, in regard to financial stewardship drives).

Therefore, careful screening of churchwardens is paramount. The same must be true for Envelope Secretaries and Treasurers as their work exposes them to sensitive personal information.

##### **4.1 To Church Corporation & Parish Council**

CBR's require written financial statements to be presented to Parish Council at least quarterly.

##### **4.2 Communicating with Parishioners**

From time to time during the year an overview of the parish's financial situation should be provided to parishioners. An occasional insert in the Sunday bulletin or a brief summary in the parish newsletter are useful methods to communicate the realities of the parish's interim financial situation.

##### **4.3 Annual Audited Financial Report to Vestry**

The presentation of the financial statement for the previous year is an important part of the annual meeting of Vestry. It is the duty of the Churchwardens to make this presentation although this duty is often delegated to the parish Treasurer.

It must be remembered that many, if not most, people are unfamiliar with such financial reports and may find the columns of figures a bit overwhelming. Enough time should be planned so that those present can be "walked through" the numbers, enabling them to grasp not only the year's operations as shown in the statement of income and expenditures, but also the overall financial position as reflected in the balance sheet.

The use of simple visual aids such as pie charts and trends graphs, as complements to the formal report, can be valuable in getting the message across.

##### **4.4 Diocesan Annual Parish Information Documents**

These documents for the previous calendar year must be completed and submitted to the diocesan office by mid-March and include both general non-financial and specific financial parish statistics. There are certain deductions that you can claim, which you should report on the form.

A separate Return is required from each congregation in a multipoint parish.

The financial details required will normally be prepared by the Treasurer. However, the Incumbent and both Churchwardens must sign the document before its submission. Since these are reported in a format

which may differ from the parish's financial statement, they will usually need to be restated. In this restated format the resulting surplus or deficit must, of course, be the same as that reported in the parish's audited financial statement which accompanies the documents.

#### 4.5 Retention of Books and Records

Canada Revenue Agency (CRA) requires that financial records and books of account be kept for a minimum of six years from the end of the last fiscal year to which they relate (e.g. those for the year 2018 must be kept until the end of 2024).

There should be a plan in place for:

- Retiring parish officials (wardens and treasurers) to return all the documents in their custody to the parish and
- Onboarding of the incoming parish officials.

#### 4.6 Registered Charity Information Return

This Return must be completed by the Treasurer annually within six months of the end of the year under review. Failure to do so can lead to the loss of the parish's registered charity status.

If you require help in completing the return you can contact the Charities Directorate at 1-800-267-2384.

Some of the terminology used in the Return is confusing because it has been designed to cover all types of charitable organizations. In the case of parishes, the members of Corporation are the "directors/trustees". "Qualified donees" are the other charities (e.g. PWRDF, Centre 454) to which the parish sends contributions, either directly or as "flow through" funds specifically designated for this purpose by parishioners.

It is important that the working copy is kept in the Treasurer's records since the information in it may be useful in completing the Return in subsequent years.

#### 4.7 Official Donation Receipts

This is sensitive personal information we are processing on behalf of Canada Revenue Agency, which is covered by PIPEDA. CRA has very specific rules regarding issuing official donation receipts for income tax purposes. Information about issuing complete and accurate donation receipts is available at <http://www.cra-arc.gc.ca/chrts-gvng/chrts/chcklsts/rcpts-eng.html>.

The official donation receipts of the charity must contain these mandatory elements:

- a statement that it is an official receipt for income tax purposes;
- the name and address of the charity as on file with CRA;
- the charity's registration number;
- the serial number of the receipt;
- the place or locality where the receipt was issued;
- the day or year the donation was received;
- the day on which the receipt was issued if it differs from the day of donation;
- the full name and address of the donor;
- the amount of the gift;
- the value and description of any advantage received by the donor;
- the eligible amount of the gift;
- the signature of an individual authorized by the charity to acknowledge donations; and
- the name and website address of CRA <https://www.canada.ca/en/services/taxes/charities.html>.

## 4.8 Gifts

Canada Revenue Agency defines a gift as a voluntary transfer of money or property for which the donor expects and receives nothing of value in return. (See CRA's web page: [www.cra-arc.gc.ca/E/pub/tg/p113/p113-e.html](http://www.cra-arc.gc.ca/E/pub/tg/p113/p113-e.html)).

Regarding fundraising events, CRA says that the difference between the purchase price of a "dinner, ball, concert or show" and the fair market value of the food, entertainment, etc., available to a ticket purchaser is considered to be a gift. They suggest that "to calculate the gift portion, the charity may consider that two payments have been received: one for the fair market value of admission and a second as a gift to the charity."

A "gift-in-kind" refers to property other than cash - in particular capital property (defined as any property of value that one buys for investment purposes, or to earn income). It includes securities such as stocks and bonds, and the land, buildings, and equipment used in a business operation. It does not include a gift of services. "Property of little or only nominal value to the donor will not qualify as a gift-in-kind. Used clothing of little value would be an example of a non-qualifying contribution." A charity that receives a gift-in-kind can issue a tax receipt for the fair market value of the gift on the date it was donated.

Interpretation Bulletins state, in part: "A gift must involve property. Contributions of services (that is, time, skills, effort) are not property and do not qualify. There is nothing to prevent a charity from paying for services and later accepting the return of all or a portion of the payment as a gift - provided it is returned voluntarily."

## 5. GENERAL INFORMATION

### How Obligations to the Diocese Are Determined

#### 5.1 Proportional Parish Share (PPS)

A parish's "proportional share" of the Diocesan budget is calculated at Ascension House using the parish income data submitted in the annual statistical return.

#### Calculation of the Proportional Parish Share (PPS) Figures:

- (a) "Assessable Income" is determined by taking the total income reported on the annual parish return and deducting the following:
- Any income deposited in the Consolidated Trust Fund (Line 21)
  - Funds received for construction of new church structures or additional buildings (Line 22)
  - The income flow-through for outreach appeals (Line 25) which includes undesignated funds received by a parish that are then donated to an outreach project
  - Expenses related to rental income (Line 26)
  - The ECOPS charge to the parish
  - That compensation for lay staff of a parish engaged in ministry in the parish, but not including organists or music directors, administrative or custodial staff, regardless of job title
  - Income related to the cost of a professional fundraising campaign
  - Capital expenditures for project(s), single or multiple, if they exceed 10% of the three-year average parish assessable income as provided by Ascension House, and the project deals with any of the following:
    1. structure (foundations, walls, windows, floors, roofing);
    2. services (HVAC, plumbing, electrical, fire protection);
    3. the site (roadways, parking lots, pedestrian access); and
    4. environmental initiatives.

However, projects that deal with finishes, fixtures, furnishings (fixed or moveable) and landscaping are not exempted.

- Certain other exemptions which may be approved by the Proportional Parish Share Review Subcommittee

(b) The PPS calculation is based on the average of the parish's assessable income for the most recent three years. The purpose of averaging is to even out the anomalies that tend to create significant swings in some parishes' apportionment figures from one year to the next.

### **PPS Appeals:**

If a parish has a concern with the PPS amount, it may appeal using the following procedure:

1. Upon receiving the notice of the parish's Proportional Parish Share, a parish may appeal the amount assessed by giving notice to the parish's Archdeacon by October 15.
2. The written appeal submission will initially be presented to, and discussed with, the Archdeacon. This will occur between November 15 and November 30.
3. The Archdeacon will subsequently forward the submission with his/her own comments/recommendation to the Director of Financial Ministry by November 30, even if the Archdeacon does not consider that the parish has grounds for appeal.
4. After review of each case, the Director of Financial Ministry will make a recommendation on each appeal to the Property & Finance Committee (P&F) for consideration at its November meeting. A parish appealing will be given an opportunity to be represented and to speak to the Committee.
5. Notification of the P&F decision will be communicated to the parish by December 15 in writing.
6. If after being notified of the P&F decision, a parish finds such determination unacceptable, then it may appeal to Diocesan Council. This body will consider whether such an appeal has merit and Diocesan Council's decision will be final.

This appeal process is not to be confused with the procedure related to requests made to the Proportional Parish Share Review Subcommittee for review of any anomalies in income, before the calculation of Proportional Parish Share is done, at the time the Statistical Returns are submitted to Ascension House.

### **5.2 ECOPS (Equalized Cost of Priestly Services)**

ECOPS is the financial assessment system we have carefully developed to strengthen our congregations, ministry, and mission. ECOPS enables clergy appointments to be guided principally by ministry gifts and their "fit" with a parish.

The concept of ECOPS is to:

- make individual clergy gifts accessible to all parishes
- make COPS (Cost of Priestly Services) proportional to a parish's ability to pay
- improve on the Equalization Assessment and Grant systems previously used
- create a more stable year-to-year system, allowing for better long-term planning

With ECOPS, the amount parishes pay for priestly services, is a function of their share of the total diocesan cost of priestly services (excluding housing) and not a function of their particular incumbent's stipendiary costs. The Proportional Parish Share percentage under ECOPS is the three-year average of a parish's assessable income expressed over the total of all the parishes' net assessable income.

### **5.3 Parish Insurance**

The diocese holds property insurance covering all parish and other diocesan buildings. This coverage for your parish is defined in the policy document issued each year and on file in your parish office. It is adjusted to reflect additions and deletions to property and contents.

It is important to take pains to avoid the possibility of a data breach. Therefore, be sure to secure computers, safes, and filing cabinets whenever clergy, parish administrators and/or churchwardens leave the office.

In addition to property coverage, the policy provides general liability insurance covering all employees, including voluntary workers, while engaged in activities on behalf of the diocese or parish. Also included is "umbrella liability insurance", abuse insurance, boiler insurance, "directors and officers" insurance, as well as employment practice coverage.

It is important to note that, for church property related claims, in order to keep premium costs at an affordable level, deductibles at the parish level are \$2,500. The diocese covers deductibles between \$2,500 and \$25,000 from its Insurance Reserve Fund. (This only applies to property damage and does not include theft etc.)

All losses are to be reported to our current insurers, HUB International Quebec Limited (Ottawa branch) (HUB), for monitoring purposes, and any major additions or deletions to buildings and contents are to be made known to them, as well as being reported to the Director of Financial Ministry. The contact person at HUB is David McNamara at 613-903-7480.

#### **5.4 Third Party Liability Insurance User Group Program Procedures**

The plan, offered through HUB, is to enable those people and organizations not connected to our parishes, who use or rent parish facilities, to have liability protection. The parish and its parishioners are fully covered for all church activities and church-sponsored events through the diocesan insurance providers.

Coverage under the Diocesan Programme does not extend to others when they are not part of a church-sponsored activity. The church cannot be responsible for renters or liability as a result of bodily injury or property damage incurred during the rental period. Insurance will only pay out on claims where it can be proved that the parish was negligent.

The Third-Party Insurance program is offered as a service to those who do not already have such insurance. Very often groups, such as Girl Guides, do have blanket insurance coverage, and even individuals are usually covered by their homeowner or tenant policies through the liability clause. If so, they would not have to purchase the HUB insurance. However, they should provide proof of coverage.

Questions have been raised about whether receptions held at the church, especially after funerals and weddings, need to be specifically insured under a third-party liability policy. Since funerals and weddings are an integral part of the church's life, and a regular part of its "operations," these events are covered under the diocesan plan. The receptions are typically an extension of these events. However, for wedding receptions where alcoholic beverages are being served, it is imperative that the organizers of the event do purchase the HUB Third Party Liability Insurance since not only the parish and diocese could be named in a lawsuit, but also the organizer of the event.

The following should be helpful in summarizing the various situations.

#### **Insurance guidelines for renting/using parish premises (Please see note below this section)**

2. Use of the hall for a parish function when no alcoholic beverage does not require renter's insurance.
3. Use of the hall for a parish function when alcoholic beverages are served at no cost, does not require renter's insurance, but should be reported to the Diocesan Insurer, through our broker HUB International.

4. Use of the hall for a parish fundraising event when many non-parish members will be present and no alcoholic beverage is served **does not require renter's insurance.**
5. Use of the hall for a parish fundraising event when many non-parish members will be present and alcoholic beverages are served at no cost to the guests **does not require renter's insurance but should be reported to the Diocesan Insurer, through our broker HUB International for approval.**
6. Use of the hall for a parish fundraising event when many non-parish members will be present and the parish will sell alcoholic beverages to attendees **does not require renter's insurance, but should be reported to the Diocesan Insurer, through our broker HUB International for approval.**
7. Rental of the hall to a parishioner for a non-parish event when no alcoholic beverage is served. **Parishioners (renters) must provide a liability certificate for the event or purchase Third-Party Liability insurance.**
8. Rental of the hall to a parishioner for a non-parish event when alcoholic beverages are served. **Parishioners must provide a liability certificate for the event or purchase Third-Party Liability insurance.**
9. Rental of the hall to an outside organization or individual for an event when no alcoholic beverage is served. **Organization/individual must provide a liability certificate for the event or purchase Third-Party Liability insurance.**
10. Rental of the hall to an outside organization or individual for an event when alcoholic beverages are served. **Organization/individual must provide a liability certificate for the event or purchase Third-Party Liability insurance.**

If organizations or individuals cannot provide a liability insurance certificate for a minimum of \$2 million coverage, for paid or non-paid use of parish facilities, then the parish can obtain appropriate coverage through HUB (facility provided online through HUB) at reasonable rates. The parish has the option of charging the user of the facilities for the cost of the insurance.

The rates offered through HUB are very affordable and you will be hard-pressed to find more reasonable rates. The reason for the comparatively low premiums is that the plan has to be self-administered, which means that the Diocese has to be involved in its operation (at no charge).

The way the plan works is as follows:

When a person or group, not associated with your parish, and not holding a church-sponsored event, rents or uses your facilities, indoor or outdoor, you should ask if they have Third-Party Liability Insurance. If the answer is yes, you should request that a certificate of insurance be provided. If the answer is no, then:

- Refer the renters to HUB's online Renter's Insurance program, which now includes a call centre to provide assistance to renters if they run into any difficulties;
- you should provide them with the details of the Anglican Diocese of Ottawa User Group Program;
- If no satisfactory solution is found, contact HUB (Ottawa), have the Renter purchase the insurance; and
- provide you with the insurance certificate, which HUB would forward to both renter and Church;
- Show full named Insured to be added on all certificates submitted by Third Parties.

## 5.5 Central Pay System

For many years in the diocese a central pay system has been in place to administer the Cost of Priestly Services on behalf of parishes. The net payments to clergy are deposited biweekly in their bank accounts.

Parish lay staff (e.g. caretaker, organist, administrator, etc.) are paid in a similar manner through central pay. The major advantage to parishes is that the appropriate costs to the employer for CPP, EI, & OH/QHIP, along with employer costs for any benefits for which the lay person is enrolled, are calculated by knowledgeable staff in the accounting office of the Diocese.

The biweekly salary deposit in the lay employee's bank account reflects all appropriate deductions, and the employee receives biweekly a statement of how the net salary was determined.

It is strongly recommended that parishes that are now handling some of their lay staff payments locally consider using the central pay system. There is no administrative charge for this service.

To obtain more information, contact the Accounting Department of Ascension House at 613-232-7124 Ext. 229.

## 5.6 Automatic Bank Transfers

An increasing number of parishes are making use of automatic bank transfers. For many parishioners this is an option which has appeal since it reflects the method most people employ in handling regular monthly household payments for such things as fuel, insurance, mortgage payments, internet, etc. It also means an end to fussing with envelopes and cheque-writing, and "catching up" for missed Sundays.

From the parish point-of-view it supports the key stewardship principles of regular and intentional giving. It assures regularity of income even when parishioners miss services for whatever reason and particularly during the summer "doldrums". It also eases the task of counting weekly collections.

The Anglican Church of Canada has a cooperative arrangement with the United Church of Canada regarding the setting up of such parish programs. Consult the webpage for the United Church Office at <https://united-church.ca/community-and-faith/get-involved/ways-give/giving-monthly-through-par>. Their procedure is known by the acronym PAR (Pre-Authorized Remittance). There is no minimum number of givers required to initiate the program. This plan has minimal costs per month per person involved and is less expensive than some bank plans. However, you might want to consult the branch manager of your parish's bank to compare the plans.

## 5.7 Donation of Securities

Securities donated to charitable organizations are now an attractive option for donors due to recent changes that provide that capital gains are no longer taxable. The diocese can assist those parishes who do not have their own broker in facilitating the transfer of such securities by means of the following procedure:

1. The donor advises the parish that he/she will be making a donation of securities. The attached form should be completed. (Refer to **Appendix 7**).
2. The form gives details of the donation, including the name of the donor, the number of shares and name of the security. The Parish **IMMEDIATELY** contacts the Diocese to provide these details, confirm instructions to sell the securities on receipt, and provide remittance instructions.
3. The form indicates to the donor that the shares are to be transferred to the Diocesan account at RBC Phillips Hager & North Investment Counsel (RBC), and that the donor **MUST** have his/her own investment broker contact the Diocesan broker before any transfer takes place. The form provides the donor with the Diocesan Broker's contact information: **Todd Armstrong at RBC, 613-239-3837**.
4. The donor contacts his/her own investment broker to initiate the transfer and provides the contact information for RBC.

5. When contacted, RBC will provide transfer instructions to the donor's investment broker. RBC will also confirm to the Diocese that contact has been initiated and the transfer imminent.
6. RBC contacts the Diocese when securities are actually received. RBC informs the Diocese of the value of the securities received, based on the number of shares times the market value on the day of receipt, and obtains written instructions to proceed with disposition. RBC will immediately act on those instructions.
7. RBC confirms net amount of proceeds to Diocese and sends cheque for proceeds to the Diocese (within 3 business days following the sale).
8. The Diocese issues cheque to the parish confirming donation amount and sales transaction details within 5 business days following receipt by the Diocese.
9. The Parish issues a tax receipt to the donor for the amount of the market value of the securities on the date RBC received them (see #6). The actual amount received by the Parish may be more or less than the receipted amount, due to variances in market value in the interim period, and brokerage fees.
10. Parish acknowledges (thanks) donor in appropriate form.
  - i. N.B. RBC is not responsible for any change in the market price between the time the share/bonds are received and the time that the shares/bonds are sold.

### 5.8 The Consolidated Trust Fund (Appendix 3) and Investment Policy (Appendix 6)

The Consolidated Trust Fund, or the CTF as it is better known, is a consolidation of over 500 parish and diocesan trust accounts into a single fund managed by a professional fund manager, RBC Phillips Hager, under the direction of the Diocesan Property & Finance Committee (and its Investment Subcommittee).

Included in the portfolio are funds resulting from the sale of rectories. For many years Rectory Trust Funds could only be used for the purchase of another rectory or, if not used for that purpose, to generate dividend income committed to defraying the Incumbent's housing allowance. There is now a policy to allow parishes to make use of the proceeds of sale of rectory for other purposes.

The intent of the CTF is to pay a reasonable dividend while maintaining the real value of the fund in inflationary times by means of capital appreciation. Refer to Appendix 6 for the approved **Investment Policy**, which provides strict parameters for those entrusted with investing the parish and diocesan funds.

When a parish receives funds to be invested, it will need to complete the form giving details of the funds to be placed in the CTF. New monies received by the CTF are held in separate trust accounts in names indicated by the parish and/or the bequest or will. The Property & Finance Committee, through its Investment Subcommittee, establishes a dividend rate each year based on the anticipated yearly total income in the CTF.

Parishes may elect to receive their dividends on a semi-annual or annual basis. Alternatively, parishes may elect to reinvest their dividends. When completing the form the parish notifies Ascension House as to how it wants the dividend payments handled. Statements showing the capital book value and the capital market value, together with any capital or dividend activity during the calendar year, are issued annually for each separate trust account.

Capital withdrawals from a parish trust may be made by a parish provided that the necessary parish and diocesan approvals have been secured. Included in these approvals must be a compliance with the terms and conditions of the will, bequest, or trust document. The Director of Financial Ministry will advise parishes on the correct procedure for capital withdrawals.

For maximum interest appreciation, deposits should be made at the end of a quarter and withdrawals just after the end of a quarter.



## **5.9 Policy on Allowing Parishes to Withhold Monies from the Consolidated Trust Fund in the Short Term**

When a parish receives funds, which would normally be invested in the CTF, and the parish intends to use them in the short-term i.e. within eighteen (18) months, it would generally be prudent not to make an investment in the CTF, but to place the funds in a short-term vehicle, such as a GIC, so that they are sufficiently liquid to meet the cash needs when required. In this way, the parish is guaranteed a small rate of return. If the funds are invested in the CTF for a few months, there is a chance that the value could decrease in the short-term, depending on the volatility of the investment markets, which naturally affects the performance of the CTF portfolio.

### **Procedure**

The following is the procedure for a parish to follow when it receives a lump sum that would normally be deposited in the CTF per Bylaw B.3.21(4), but which the parish decides should be withheld for a period of up to 18 months:

1. Obtain the appropriate approval as follows:
  - a) Parish Vestry and Property & Finance Committee for amounts of \$30,000 or more
  - b) Parish Council and Territorial Archdeacon for amounts of at least \$10,000 but less than \$30,000
  - c) Parish Corporation and Territorial Archdeacon for amounts of less than \$10,000
2. Where approval from the Property & Finance Committee is required, application must be made in writing, explaining the situation, and providing evidence of prior Vestry approval.
3. The withheld funds should be shown on Line 23 of the annual statistical return, and are, therefore, to be included for Proportional Parish Share (PPS) purposes. If special consideration is sought for this income when calculating PPS, then the appropriate box should be checked on the statistical return, with a letter of explanation for consideration by the Proportional Parish Share Review Subcommittee attached.
4. It would be prudent for the parish to set aside a portion of the monies withheld e.g. 20% to pay for the PPS that will be assessed on the income.

## **5.10 Policy to Allow a Parish to Use Funds from its Consolidated Trust Fund (CTF) to Pay the Extra Proportional Parish Share Resulting from a Capital Project**

At present, CTF withdrawals may be made to pay for capital projects and major repairs but not for operating expenses. Two years after a withdrawal the Parish has to pay an additional amount of Proportional Parish Share (approximately 20% of the withdrawal). The Parish cannot make a second withdrawal from its CTF to cover this extra proportional parish share because Proportional Parish Share payments are considered to be an operational expense. This addition to the operating expenses can have a considerable detrimental effect on some parishes' available funds.

A policy has been formulated consistent with the efforts of the Proportional Parish Share Review Subcommittee (PPSRS) to have parishes consider proportional parish share implications of every project undertaken, bequest received and campaign launched at the planning stage, rather than two years after the money has been spent. This policy allows a parish to use funds from the CTF to pay proportional parish share on a project, rather than having to find the funds from its operating dollars, two years after the fact.

## **Policy**

Parishes withdrawing money from their CTF to pay for an approved capital project, which would not normally be exempt from Proportional Parish Share, may at the same time, withdraw an amount from the same CTF in order to cover the additional Proportional Parish Share. This extra amount will be calculated using the Proportional Parish Share rate at the time of the withdrawal.

The parish will pay this apportionment on the withdrawal to the Diocese at the time of the withdrawal. The parish would then list this income on its statistical return for that year as an exempted amount.

### **5.11 The Anglican Foundation of Canada**

A source of funding for parishes is the Anglican Foundation of Canada, which was established in the 1950s and headquartered in Toronto at 80 Hayden Street. The work of the Foundation is funded by bequests, membership dues, memorials and special gifts, gifts of life insurance, and gift annuities.

The income from the investment of these funds is directed 75% to grants and 25% to low interest loans throughout the country. In over 65 years of operation more than \$40 million has been awarded. Each diocese is permitted to forward three applications a year and require the prior approval of Diocesan Council.

It is the policy of the Foundation to make its grants and loans in the context of local initiative, and it is expected that applicants will make every effort to fund a project locally and only turn to the Foundation to assist in closing the gaps. You can get all the information and details about applications at [www.anglicanfoundation.org](http://www.anglicanfoundation.org).

### **5.12 HST Recovery**

On July 1, 2010, a 13% HST (harmonized sales tax) took effect in Ontario. The federal part (GST) of the HST is 5%; the provincial part (PST) is 8%. Parish purchases are eligible for the PSB (Public Service Bodies) rebate at 50% of the GST part and 82% of the PST part. Guide RC4034 gives general information about how to calculate your HST rebate and how to complete your rebate application. Guide RC4082 provides comprehensive coverage of all aspects of how the GST/HST applies to registered charities.

### **5.13 Cemeteries**

When a parish owns a burial ground, the Vestry elects a Cemetery Board to manage its affairs. In the absence of a Cemetery Board, the incumbent and churchwardens are responsible for the operation of the cemetery. This includes the sale of burial lots and the care and maintenance of the cemetery and any associated buildings. All monies received by the Cemetery Board are held in trust and deposited in the name of the Board in a chartered bank.

Monies received specifically for perpetual care and any excess annual income is invested in TD Canada Trust for Ontario parishes, and the Consolidated Trust Fund of the Diocese for Quebec parishes. Any income therefrom is paid to the Cemetery Board to defray the cost of such care and maintenance. Capital withdrawals require the approval of the Cemetery Board, and depending on the amount, possibly the Parish Corporation, Parish Council, Vestry, the Director of Financial Ministry and/or the Property & Finance Committee. You should refer to the Decision Rights Matrix at Appendix 4(b).

## 5.14 Applying for Approval from the Property and Finance Committee (P&F)

The Property & Finance Committee (P&F) has decided that it would be good to streamline the application process by generating a single application form for the many requests that need to come to P&F (see Appendix 4(a)). The form has a number of sections that deal with:

- Consolidated Trust Fund (CTF) withdrawals of \$50,000, or 50% of Assessable Income or more
- Approvals in principle for projects costing \$50,000, or 50% of Assessable Income or more
- Final approvals for projects costing \$50,000, or 50% of Assessable Income or more
- Permission to withhold gifts or bequests from the CTF when the amount is more than \$30,000
- Permission to sell properties
- Approvals of leases

Although the form includes all possible requests that parishes typically make of P&F, when a parish applies for P&F approval only the relevant sections need to be filled out and sent in. For example, those who are filling out the form need to:

1. check all the appropriate boxes on the first page to indicate the type of application that is being made
2. answer all the questions in the relevant sections so indicated
3. provide all the requested material asked for in those sections
4. have three members of Parish Corporation (Priest and two Churchwardens) sign the application (see section 8 of Appendix 4(a) and then
5. submit only the relevant sections and supporting documentation.

## 5.15 Decision Rights

The updated decision rights matrices are found in Appendix 4(b).

For each threshold, you will note that decision rights are delegated to one of the following:

- Parish Corporation
- Parish Council/Parish Central Committee
- Territorial Archdeacon
- Director of Financial Ministry
- Property & Finance Committee (P&F)

The matrix also indicates that prior to a decision, there are groups and individuals that need to be consulted and informed and those who recommend. In addition, it indicates what the practices and policies that must be adhered to as well as the relevant sections of the Canons, Bylaws and Regulations (CBRs).

## **6. PARISH FINANCIAL RESPONSIBILITIES**

NOTE: B.5.05(18) refers to Bylaw 5, section 5, subsection 18; R.5.02(6c) refers to Regulation 5, section 2, subsection 6c.

### **6.1 In the Parish**

1. The Treasurer is appointed by the Vestry each year or, failing then, by Parish Council annually when Wardens and others are elected. **B.5.05(18)**
2. Offerings are collected at each service and counted with the help of sidesmen or others, and recorded in “a book provided for the purpose” in the presence of witnesses as soon as reasonably possible after the service. **B.5.05(10)**
3. Books to be open to any Vestry member at all reasonable times. **B.5.05(7)**
4. All monies belonging to the church are to be deposited in a church account at a chartered bank, or a trust or loan and savings company. **B.5.05(11)**
5. The Corporation takes charge of all revenues of the church. This includes all of the organizations of the church which are required to report to Vestry annually. **B.5.05(10), B.5.02(10)**
6. All payments are to be made by cheque on the church’s account, signed by a Warden and one other person designated by Vestry. **B.5.05(11)**
7. A written financial statement is to be presented to Parish Council at least quarterly. **R.5.02(6c)**
8. A financial statement for the previous fiscal year is to be presented at the annual Vestry meeting, plus a written report thereon from the auditors appointed by the Vestry previously to review those statements. **R.5.05.(6), B.5.02(9), B.5.05(6)**
9. A comprehensive description of the auditor’s role appears in **R.5.06(1-5)**
10. A budget is drafted for consideration of Parish Council and subsequently the Vestry at its annual meeting. This covers the financial requirements for the coming year, including the diocesan apportionment. **B.5.05(8), R. 5.05(7), R.5.02(6d)**
11. The approved budget governs the financial operations for the year. It can be altered only by another Vestry; or by the Incumbent and wardens with Parish Council approval, which they shall explain at the next Vestry meeting. **B.5.05(8)**
12. Monies payable by parishes for ECOPS (Equalized Cost of Priestly Services) are to be remitted monthly by the 25<sup>th</sup> day of the month. **R.4.01(14), R.5.07(2)**
13. In the event that there is a shortfall in anticipated income, a scale of priorities is established for the expenditure of monies throughout the year, as follows:
  - i. Clergy (ECOPS) and lay salaries, allowances and benefits
  - ii. Insurance premium to diocese
  - iii. Essential operating expenses and loan interest payments
  - iv. Maintenance & mission payments
  - v. Repayment of debt
  - vi. Capital maintenance or replacement, and other expenses. **R.5.08**
14. Securities and monies received by way of gifts or bequests are to be deposited to the Consolidated Trust Fund and administered by Ascension House in trust for the parish. The Diocesan Council may permit an exemption from this requirement. **B.3.21(4)**
15. The parish pays the Incumbent’s expenses for fuel, water, electricity and telephone services (for those living in rectories). **B.5.03(3)**
16. Replacement clergy are paid a fee for the services they provide. [The remuneration scale is fixed each year and pertinent details are found in the circular “Stipendiary Scales and Allowances” issued each September]. **R.5.10(2)**

17. Property transactions (i.e. sale, mortgage, lease over two years, etc.), or structural alterations to parish buildings costing \$50,000, or 30% of the 3-year average of assessable income or more, require the consent of the Property & Finance Committee. **B.3.19(1) R.5.01**
18. No application for "heritage" status of a parish building may be made without the prior approval of the Diocesan Council. **R.5.01 (4&5)**

## 6.2 Multipoint Parishes

In each parish with two or more congregations there shall be formed a Parish Central Committee of which the Incumbent is Chairperson and which will elect a Treasurer. **R.5.03(1, 3 &4)**

## 6.3 Beyond the Parish

1. The responsibilities of the Director of Financial Ministry are described in **R.3.16(3)**.
2. Clergy stipends, within the stipendiary structure established for the Diocese, are set by a body called the Bishop's Remuneration Panel. The Bishop notifies each clergy person of his decision and, if serving in a parish, the Treasurer and Churchwardens there are also notified. There is available an appeal process in **R.4.01**.

## 7. REGULATIONS FROM CBRs RE: PARISH LANDS AND BUILDINGS

### R.5.01 - Parish Lands

1. Before calling a meeting of the Vestry to deal with any matter respecting lands and buildings as provided for in this Regulation, in Bylaw 3.19, in Canon 3.13 or otherwise, the Incumbent and Churchwardens shall first consult with the Bishop to discuss the proposal before it is made to the Vestry.
2. In order to facilitate approval by the Diocesan Council, the Incumbent and Churchwardens shall forward the following information and material to the Director of Financial Ministry, namely:
  - a) **Respecting Purchases:**
    - i. certified copy of Vestry resolution;
    - ii. general description of property (with sketch of location);
    - iii. purchase price;
    - iv. method of financing purchase and statement of Parish's financial condition with respect to purchase;
    - v. some evidence as to value, preferably by a disinterested party;
    - vi. copy of offer (if available); and
    - vii. statement giving details of why the property is required.
  - c) **Respecting Sales:**
    - i. certified copy of Vestry resolution;
    - ii. general description of property (with sketch of location);
    - iii. original Deed (or advice that Deed is on file at Ascension House);
    - iv. offer to purchase; if none, statement setting forth:
      - a) amount to be received;
      - b) name and address of any proposed purchaser;
      - c) terms of payment of purchase price; and
      - d) date of expected expiry of offer;
    - v. proposed disposition of proceeds;
    - vi. statement as to whether property is or is not consecrated;
    - vii. some evidence as to value, preferably by a qualified valuator; and
    - viii. statement giving details of why the property is to be sold.

**d) Respecting Building or Structural Alterations:**

- i. First step (for approval in principle):
  - a) certified copy of Vestry resolution;
  - b) preliminary plans, concepts and drawings;
  - c) estimated cost;
  - d) method of financing; and
  - e) statement of why the building or alteration is required.
- ii. Second step (for final approval):
  - a) certified copy of Vestry resolution;
  - b) final plans and specifications;
  - c) actual cost as established by a tender or conditional contract;
  - d) method of financing; and
  - e) particulars of any performance bond furnished by contractor;
  - f) all preliminary plans, concepts, drawings and estimates, and thereafter all final plans, specifications and actual costs, shall be forwarded to the Property and Finance Committee.

**e) Respecting Mortgages or Loans:**

- i. certified copy of Vestry resolution;
- ii. general description of property (with sketch of location);
- iii. original Deed of property (or advice that Deed is on file at Ascension House);
- iv. amount, terms and interest rate;
- v. name and address of mortgagee or lender;
- vi. statement of intention of parish as to use of proceeds;
- vii. statement outlining method of providing funds for repayment; and
- viii. statement as to whether the property is or is not consecrated.

**f) Respecting Leases:**

- i. copy of Vestry resolution;
- ii. general description of property (with sketch of location);
- iii. terms of lease;
- iv. rental;
- v. proposed disposition of proceeds where Parish is to be the landlord and proposed method of financing where the Parish is to be the tenant; and
- vi. statement giving details of why the leasing is required.

3. No church, rectory or other parochial building shall be the subject of an application for designation under the Ontario Heritage Act (nor under similar heritage law in effect in the Province of Quebec), nor shall such property be encumbered by any agreements, easements, covenants or any other legal obligation whatever pursuant to such law, without the prior written approval of the Diocesan Council. Anyone seeking such approval shall apply to the Property & Finance Committee.
4. The Property & Finance Committee may recommend the approval of such application to the Diocesan Council if it is satisfied on all of the following points:
  1. that, in the case of a parish, the parish seeking such approval is financially self-sufficient and is able to meet its current and reasonably foreseeable future financial obligations, except for its obligation to restore or maintain the heritage structure for which approval is sought;
  2. that, without the approval, in the case of a parish, the parish will not have sufficient financial resources to restore or maintain the heritage structure for which approval is sought;
  3. that the proposed heritage structure is of exceptional architectural or historical value; and
  4. that the heritage designation and/or agreements, easements, covenants or other legal obligations will not constitute an unreasonable interference with the use of the subject lands and buildings by the relevant parish and/or the Diocese.

**REGULATIONS EXCERPTED FROM CBRs RE: PROPORTIONAL PARISH SHARE, APPEALS, AND REMITTANCES**

**R.5.11- DIOCESAN APPORTIONMENT AND PROPORTIONAL PARISH SHARE**

1. The Diocesan Apportionment means the amount required to be raised in a year by the diocese and which is designated in the three-year Budget approved by the Synod as the “Budgeted Proportional Parish Share” (hereafter referred to as “Budget” or “Diocesan Budget”), including assessments and apportionments of the General Synod and the Provincial Synod, and funds for such other purposes as may be approved by the Diocesan Synod or Diocesan Council. Each parish shall pay its Proportional Share of the Diocesan Budget as calculated by Ascension House. A Parish’s Proportional Share of the Budget is the amount in dollars that is determined by multiplying the amount of the Diocesan Budget by a fraction that has as its numerator the average Assessable Income for the parish over the immediately preceding three years and its denominator the total of the average Assessable Income over the same three-year period for all parishes in the Diocese. The Director of Financial Ministry shall, no later than the last day of August in each year, notify the Incumbent and Churchwardens of each parish of the parish’s Proportional Share amount for that Parish for the following calendar year.
  
2.
  - a) **Annual Returns and Appeals Process**

Upon receiving written notice of its proportional parish share amount, the Incumbent and Churchwardens may, after serious reflection, research and discussion in the parish, appeal the amount in accordance with the following process, which shall take place entirely within the same calendar year as the notice of the proportional share amount is issued, except in the case of an appeal to Diocesan Council which may take place the following year as herein provided.

    - i. Notice of Appeal shall be in writing and shall be delivered to the Archdeacon on or before the earlier of the following two dates: six weeks following the date on which the letter notifying the parish of the Proportional Share amount was mailed, and October 15.
    - ii. The Notice of Appeal shall include reasons for the appeal and supporting documentary evidence.
    - iii. The Archdeacon shall forthwith investigate the appeal, including meeting with the Incumbent and Churchwardens and other interested leaders of the parish.
    - iv. The Archdeacon shall, on or before October 31, write and submit a report to the Director of Financial Ministry expressing the Archdeacon’s findings and recommendations, including the Notice of Appeal and supporting documents. The Archdeacon shall deliver a copy of the report without enclosures to the Incumbent of the parish.
    - v. In his or her discretion, the Archdeacon may also deliver a copy of the Report to the Bishop, if in the opinion of the Archdeacon, some immediate action by the Bishop is warranted.
    - vi. The Director of Financial Ministry shall forthwith consider the Appeal and attempt to resolve it through further discussion with representatives of the parish.
    - vii. If the Appeal is not resolved, then it shall be considered at the November meeting of the Property & Finance Committee at which the Director of Financial Ministry and, if requested by the Parish or by the Director of Financial Ministry, the representatives of the parish shall make representations.
    - viii. The Property & Finance Committee shall give written notice of its decision to the Incumbent of the parish no later than November 30.
    - ix. The decision of the Property & Finance Committee is final, unless the parish appeals it to the Diocesan Council by delivering written notice of its intention to appeal delivered with supporting documents no later than December 15.

- x. Immediately upon receipt of a notice of intention to appeal to Diocesan Council, the Director of Financial Ministry shall cause the matter to be listed on the agenda of the first sitting of the Diocesan Council in the following year. That meeting of the Diocesan Council shall choose a subcommittee comprising three members, two of whom are laity and the third member a cleric, to hear the appeal. At least one member of the subcommittee shall be a member of Diocesan Council, who shall serve as Chair. This subcommittee shall meet to hear the appeal as soon as is conveniently possible and shall hear representations and submissions from representatives of the parish and from officials of the Diocese as it sees fit. The subcommittee shall render a written report within thirty days of its meeting and shall deliver a copy of its report to the Secretaries of Synod, who shall transmit it forthwith electronically to all the members of Diocesan Council. The report of the subcommittee is deemed to have been confirmed by Diocesan Council on the seventh day after it has been electronically sent to the members of Diocesan Council, unless a majority of the members of Diocesan Council object to the report by notice returned to one of the Secretaries of Synod either electronically or by written notice delivered within the same seven days. If objection is so made by the majority of the members of the Diocesan Council, then the report of the subcommittee shall be referred to the next meeting of Diocesan Council for its consideration. The Diocesan Council may then refuse the report or may confirm it with or without variation. The report once confirmed with or without variation by Diocesan Council is a final determination of the appeal.
- xi. If a parish fails to pay its Proportional Parish Share amount, and has not availed itself of the appeal process, the Director of Financial Ministry may request the Archdeacon to investigate the matter and report the result of the investigation to the Director of Financial Ministry, copied to the Incumbent of the parish. The report shall then be dealt with in the same manner as if an appeal had been made by the parish, in accordance with subsections (v) through (x) of the foregoing sub-paragraph, except that time limits are in the discretion of the Director of Financial Ministry in consultation with the Chancellor.
- xii. The appeal process, whether initiated by the parish, or by the Director of Financial Ministry, may result in any of the following actions or recommendations, or others as appropriate:
  - a) Proportional Share arrears be written-off;
  - b) a Proportional Share amount be reduced;
  - c) a shortfall be made up from some other source of funds available to the parish;
  - d) a parish take a specific action to reduce costs or increase revenue or re-order its financial priorities;
  - e) the Bishop be asked to consider taking disciplinary action against a cleric;
  - f) the Bishop be asked to consider the disestablishment of a parish or of a congregation.

#### **R.5.07 - PARISH REMITTANCES TO SYNOD**

##### **5. Delay and Default**

Any delay on the part of a parish in making remittances for the remuneration of the clergy shall be reported by the Director of Financial Ministry to the Archdeacon in whose archdeaconry that parish is found, for his or her investigation and such action as he or she considers appropriate. If the delay in remittance by any parish continues for three months, the same shall be reported forthwith by the Director of Financial Ministry to the Diocesan Council which with the concurrence of the Bishop, may consult the Archdeacon aforesaid, the principal officers of the parish concerned, the Diocesan Stewardship Consultants if any, and such other persons as the Diocesan Council considers appropriate, with the object of arriving at a decision about the future financing of the parish that is in default.



6. **Added Penalty for Delay and Default**

A rate of interest of 2% per month or 24% per annum shall be assessed against any parish for each day of delay if and to the extent that the bank order or cheque or monies required of any parish is dishonoured or is not received.

8. **RESOURCES**

Anglican Foundation of Canada	Page 14	416-924-9199, Ext. 322 <a href="http://www.anglicanfoundation.org">www.anglicanfoundation.org</a>
Automatic Bank Transfers	Page 11	
Cemeteries	Page 14	Shawn Scromeda Cemeteries Commissioner 613-366-4448
Central Payroll & Benefits	Page 10	Sandra Purdy Ascension House Accountant 613-232-7124, Ext. 229
Charities Return (T3010B)		<a href="https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t3010.html">https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t3010.html</a>
Consolidated Trust Fund		Sanjay Grover Director of Financial Ministry 613-232-7124, Ext. 241
Insurance (Property & Liability)		David McNamara HUB International Quebec Limited (Ottawa Branch) 613-730-1800
Insurance (Third Party Liability)		David McNamara HUB International Quebec Limited (Ottawa Branch) 613-730-1800
Parish Payments to Diocese & Accounting Matters		Bill Gilbert Ascension House Accountant 613-232-7124, Ext. 230
Parish Historical Records (Archives)		Glenn Lockwood Diocesan Archivist 613-680-8585
Property & Finance Matters		Sanjay Grover Director of Financial Ministry 613-232-7124, Ext. 241
Property & Finance Committee Liaison		Sanjay Grover Director of Financial Ministry 613-232-7124, Ext. 241
HST Recovery		Section 5.12 on Page 14
HST for Charities		<a href="https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4082.html">https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/rc4082.html</a>
Website		<a href="http://www.ottawa.anglican.ca">www.ottawa.anglican.ca</a>

## **9. APPENDICES - DIOCESAN FORMS & INFORMATION**

- 1. Parish, Clergy & Lay Costs**
  - b) Stipendiary Progression Increases
  
- 2. Statistics, Proportional Parish Share & Commitments Report**
  - a) Statistical Return
  - b) Proportional Parish Share Review Guidelines
  
- 3. Consolidated Trust Fund (CTF)**
  - a) History and Governing By-Law
  - b) Guidelines for Submission to the Property and Finance Committee
  
- 4. Applications to the Property and Finance Committee**
  - a) Application Form for Withdrawals and Projects
  - b) Decision Rights Matrices
  
- 5. Controls**
  - a) Internal Control
  - b) Internal Control Table
  - c) Counting Givings & Other Assets
  - d) Record of Receipts for Envelope Secretary & Treasurer
  
- 6. CTF Investment Policy Statement**
  
- 7. Authorization to Transfer Securities**

**APPENDIX 1(a)**

**STIPENDIARY PROGRESSION INCREASES**

**Anglican Diocese of Ottawa  
2024 Stipendiary Scales and Allowances**

Clerical and Episcopal Stipendiary Scales and Allowances are adjusted annually with reference to changes in the *All-Canada Consumer Price Index* and other environmental factors. Please note that the information on this sheet applies only to ordained ministry.

**2024 Clerical Stipendiary Scale (increased by 3.27% over 2023):**

	Starts at:	Progression Increase:
On ordination to 4 <sup>th</sup> year, inclusive	\$35,615	2.40%
5 <sup>th</sup> year of ordination to 9 <sup>th</sup> year, inclusive	\$37,970	3.02%
10 <sup>th</sup> year of ordination to 14 <sup>th</sup> year, inclusive	\$43,810	2.44%
15 <sup>th</sup> year of ordination to 19 <sup>th</sup> year, inclusive	\$49,710	3.02%
20 <sup>th</sup> year of ordination to 24 <sup>th</sup> year, inclusive	\$57,425	2.58%
25 <sup>th</sup> year of ordination to 29 <sup>th</sup> year, inclusive	\$64,225	1.00%
30 <sup>th</sup> year of ordination and beyond, inclusive	\$67,570	1.11%
35 <sup>th</sup> year to retirement	\$71,360	1.05%

**2024 Episcopal Stipendiary Scale ( increased by 3.27% over 2023):**

From \$110,460 to \$116,185 (based on a 2018 survey of comparable Canadian dioceses)

**2024 Housing Allowance Range (minimum increased by 2% over 2023):**

From \$15,728 to \$29,500 (includes heat, hydro, internet, telephone)

**2024 Transportation Allowance (decreased by 1.29% over 2023):**

Allowance for Clergy in parishes or on diocesan staff:  
Ontario - \$10,425; Quebec - \$11,050

Additional mileage for those in receipt of Transportation Allowance:  
Ontario - 24¢ per km; Quebec - 25¢ per km

Mileage rate for those not in receipt of Transportation Allowance: 61¢ per km.

**2024 Supply Ministry Fees**

One Service: \$181 plus travel reimbursement of 61¢ per km  
Two or more Services: Per Diem Rate (see below)  
Mid-week service with no sermon: at the discretion of the parish

**2024 Per Diem Rate**

\$253 plus travel reimbursement of 61¢ per km if the distance is more than 60 kms. A Parish has discretion to pay extra mileage to cover unforeseen situations.

**APPENDIX 2(a)**

**STATISTICAL RETURN**



VESTRY FORM 3 - PART 2 (INCOME)

All amounts should be rounded to the nearest \$

- 15. Donation Income - All donations for which tax receipts have been issued. \_\_\_\_\_
- 16. Open Offerings - Collections where donor cannot be identified. \_\_\_\_\_
- 17. Donations from Church Organizations/Parish Events - Net proceeds of bazaars, church groups, catering, etc. \_\_\_\_\_
- 18. Rental Income - Gross income for use of church property (Related expenses see 26 below). \_\_\_\_\_
- 19. Withdrawals from Consolidated Trust Fund - Do not include amounts reported on Line 22. \_\_\_\_\_
- 20. Other Income - Miscellaneous contributions and items that are not reported elsewhere (please itemize): \_\_\_\_\_

PARTICULARS	AMOUNT	
_____	_____	
_____	_____	
_____	_____	
(Use a separate sheet if required)		TOTAL \$ 0.00 _____

- 21. Monies Deposited to Consolidated Trust Fund, Monies Borrowed & Rectory Trust Fund Withdrawals\*\* - Include monies borrowed from the Extension Fund, Rectory Trust Fund (RTF), and other financial institutions. Funds withdrawn from the RTF not as a loan, should also be reported here. \_\_\_\_\_
- 22. All Funds Received for Construction of New Churches and New Buildings\*\* - Include donations, proceeds of loans and CTF withdrawals, etc. earmarked for such projects. \_\_\_\_\_
- 23. Bequests Retained for Use by Parish - please refer to the Policy found at:  
[https://ottawa.anglican.ca/wp-content/uploads/2024/02/Policy-Allowing-Parishes-Withhold-CTF\\_2024.pdf](https://ottawa.anglican.ca/wp-content/uploads/2024/02/Policy-Allowing-Parishes-Withhold-CTF_2024.pdf) \_\_\_\_\_

- 24. Endowments, Trust Fund and Investment Income - Income from interest and dividends, including dividends from the Consolidated Trust Fund. Dividends from Parish Rectory Trust Funds, used to offset a housing allowance, must be included here. \_\_\_\_\_

**TOTAL INCOME RECEIVED** (Total of Part 2 amounts)

This figure should correspond with the total income amount shown on the church's financial statements. If these two figures do not agree, please explain the difference on a separate sheet. \$ 0.00 \_\_\_\_\_

**THE FOLLOWING DATA IS RELATED TO THE CALCULATION OF YOUR EXEMPTIONS FOR PROPORTIONAL PARISH SHARE:**

- 25. Flow-through donations to outreach projects, and undesignated funds received by a parish that are donated to outreach projects e.g. PWRDF, Community Ministries, etc.; grants from the Diocese; fees for professional campaigns; transfers to Cemetery Funds. The funds to pay for these items will have been received through any of the above lines. Include here HST and PST rebates, only if the rebates are included in one of the lines above. \_\_\_\_\_  
Please itemize these exemptions on the lines provided (or on a separate sheet if needed).

PARTICULARS	AMOUNT	
_____	_____	
_____	_____	
_____	_____	
		FLOW-THROUGH TOTAL \$ 0.00 _____

NOTE: If you are appealing to the Proportional Parish Share Review Subcommittee for exemption (see Part 4), show the amount on its normal line. Do not include it in 25. If your request is granted, Ascension House will adjust your return before PPS is calculated.

- 26. Expenses related to the rental income shown on Line 18. \_\_\_\_\_

**ITEMS MARKED \*\* ARE NOT INCLUDED IN ASSESSABLE INCOME FOR PPS.**  
ALL OTHER EXEMPTIONS, SUCH AS CAPITAL COSTS, PROJECTS RELATED TO HEALTH & SAFETY, AND EXEMPT COMPENSATION FOR LAY MINISTRY STAFF, SHOULD BE REPORTED ON THE CRITICAL INFORMATION SECTION, WHICH MUST BE ATTACHED TO THIS ANNUAL PARISH RETURN.

**VESTRY FORM 3 - PART 3 (EXPENSES)** Total Income: \$ \$ 0.00

All amounts should be rounded to the nearest \$

- 27. **ECOPS** - For multipoint parishes, use division of shared expenses to calculate the cost for each congregation. \_\_\_\_\_
- 28. **Cost of Other Staff** - Include salaries and benefits paid to all other staff. \_\_\_\_\_
- 29. **Church Property Expenses** - Include operating and maintenance costs such as cleaning supplies, equipment, maintenance contracts, repairs to windows, doors, utilities, and any minor capital expense items under \$1,000. \_\_\_\_\_
- 30. **Rectory Expense** - Same detail for rectory as for church property expenses, but taxes are to be included here. \_\_\_\_\_
- 31. **Capital Expenses** - ensure completion of Critical Information section on pages 4 and 5, as applicable major capital expenditures (items over \$1,000), such as re-roofing, re-flooring, paving, ramps and lifts for the disabled, etc. \_\_\_\_\_
- 32. **Loan/Debt Repayment** - Include principal and interest paid during the year. \_\_\_\_\_
- 33. **Proportional Parish Share**  
The total submitted to the Diocese for Proportional Parish Share during the year (may include arrears repayment).  
For multipoint parishes, use division of shared expense to calculate cost for each congregation. \_\_\_\_\_
- 34. **Insurance Premium** - Insurance premium as per Diocesan Assessment, as well as any other insurance premiums paid.  
For multipoint parishes, use division of shared expenses to calculate cost for each congregation. \_\_\_\_\_
- 35. **Additions to Trust Funds** - Any money added to the Diocesan Consolidated Trust Fund. \_\_\_\_\_
- 36. **Outreach and Special Extra-Parochial Appeals** - This item should reflect expenditures of items referenced in Line 26. \_\_\_\_\_
- 37. **General Operating Expenses** - All other expenditures not covered in Lines 27 to 36. \_\_\_\_\_
- TOTAL EXPENDITURES** (Total parish expenditure in the current year should include Items 27 to 37) \$ 0.00
- 38. **Surplus (Deficit) for the Year** - This amount should be the difference between Total Income and Total Expenditures.  
A deficit amount should be in brackets, e.g. (\$522). \$ 0.00

39. **Debts Owning by the Congregation at Year-End (including loans to the Diocese):**

OWED TO	DATE CONTRACTED	PURPOSE	INTEREST RATE	TERM	OWING AT YEAR-END
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

40. **Special Funds**

List of special funds held by the congregation/parish, including funds held by organizations within the congregation/parish. Do not include Consolidated Trust Fund (CTF) investments:

NAME OF FUND	PURPOSE	INVESTMENT DETAILS	AMOUNT AT YEAR-END
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

**VESTRY FORM 3 - PART 4 (EXEMPTIONS)**

**CRITICAL INFORMATION FOR THE CALCULATION OF EXEMPTIONS FOR 2025 PROPORTIONAL PARISH SHARE THAT RELATE TO CAPITAL COSTS AND LAY STAFF COMPENSATION**

- This form is to be attached to your Annual Parish Return. Attach additional sheets if necessary.
- Please do not enter any amounts listed below on line 25 or deduct them from any income shown on your Statistical Return. Ascension House will subtract all exempted amounts from TOTAL INCOME RECEIVED.
- Do not include costs related to new church structures and additional buildings for which income has been reported on line 22.
- Please include only 50% of GST and in Ontario 18% of PST charged (i.e. net tax paid after rebate).

**EXEMPT CAPITAL EXPENDITURES**

**DETAIL THE CAPITAL EXPENDITURES SPENT IN 2023 THAT WERE FOR:**

**1. Structure (e.g. foundations, walls, windows, floors, roofing)**

SUPPLIER/CONTRACTOR	INVOICE AMOUNT	EXPENDITURE DESCRIPTION
_____	_____	_____
_____	_____	_____
_____	_____	_____

**2. Services (e.g. HVAC, plumbing, electrical, fire protection) - SNOW REMOVAL & GRASS CUTTING ARE NOT ALLOWABLE**

SUPPLIER/CONTRACTOR	INVOICE AMOUNT	EXPENDITURE DESCRIPTION
_____	_____	_____
_____	_____	_____
_____	_____	_____

**3. The Site (e.g. roadways, parking lots, pedestrian access) - SNOW REMOVAL & GRASS CUTTING ARE NOT ALLOWABLE**

SUPPLIER/CONTRACTOR	INVOICE AMOUNT	EXPENDITURE DESCRIPTION
_____	_____	_____
_____	_____	_____
_____	_____	_____

**4. Environmental Initiatives**

SUPPLIER/CONTRACTOR	INVOICE AMOUNT	EXPENDITURE DESCRIPTION
_____	_____	_____
_____	_____	_____
_____	_____	_____



5. Capital projects related to health, safety and accessibility issues, e.g. ramps and lifts for the disabled, removal of asbestos, audio systems for the hearing impaired, etc.

SUPPLIER/CONTRACTOR	INVOICE AMOUNT	EXPENDITURE DESCRIPTION
_____	_____	_____
_____	_____	_____
_____	_____	_____

TOTAL FOR THE ABOVE FIVE CATEGORIES: \$ 0.00 (This will be included in line 29 of the Statistical Return)

**IMPORTANT:** For the above five categories, do not include expenditures related to finishes, fixtures, furnishings (fixed or moveable) and landscaping. The total of the above lines must be at least 10% of net assessable income (NAI) for an exemption to be granted. NAI is the three-year average of total net income (reported income less all allowable deductions).

**EXEMPT COMPENSATION**

List the compensation for lay staff (not clergy) that are engaged in ministry in the parish, but not including organists or music directors, administrative staff or custodial staff, regardless of job title.

EMPLOYEE NAME	AMOUNT	POSITION
_____	_____	_____
_____	_____	_____
_____	_____	_____

TOTAL FOR THIS CATEGORY: \$ 0.00  
(This will be included in line 28 of the Statistical Return)

**VESTRY FORM 3 - PART 5 (CERTIFICATION)**

For multi-point parishes, a separate return is required for each congregation, together with the financial statements of the central treasurer.

The audited financial statements are attached.  YES  NO

If NOT, give your reason and indicate when you will be sending them.

**Certificate of Verification by Incumbent**

By checking this box, I (as the incumbent) certify that both of the churchwardens and I have reviewed the information in Form 3 and we approve it.

\_\_\_\_\_  
Name of Incumbent                      Name of Churchwarden                      Name of Churchwarden

Date: \_\_\_\_\_

The person who has completed this form and can be contacted by a member of the review committee, if need be:

Name: \_\_\_\_\_ (Please print)

Tel #: \_\_\_\_\_

Email: \_\_\_\_\_

Check this box if you wish to apply to the Proportional Parish Share Review Subcommittee for special consideration when calculating Proportional Parish Share, due to income anomalies.  
[Click here for Proportional Parish Share Review Guidelines](#)  
Please attach a letter detailing your request.

A copy of this return should be retained by the congregation/parish.

A copy (together with the audited financial statements and the vestry report) must be sent to Ascension House c/o admin@ottawa.anglican.ca or by mail to The Anglican Diocese of Ottawa, 71 Bronson Avenue, Ottawa, Ontario K1R 6G6

**NO LATER THAN MARCH 31, 2024**

## **APPENDIX 2(b)**

### **PROPORTIONAL PARISH SHARE REVIEW GUIDELINES**

This document is intended to assist parishes in understanding the current Proportional Parish Share (PPS) system and how large anomalies in their incomes may be modified by the Fair Share Review Subcommittee.

Each parish's share of the diocesan budget is calculated at Ascension House using the parish income and expense data submitted in the annual Statistical Return less some exemptions.

### **Assessable Parish Income**

This is defined by Synod as all parish income except for the following items, which are entered as income in Part 2 of the Statistical Return:

1. Money deposited in the Diocesan Consolidated Trust Fund. No other trust fund qualifies. (See line 24A). Because of the exemption when the money goes in, you must declare as income what you take out.
2. Borrowed money. (See line 24A). However, income used to pay back a loan is assessable.
3. Flow-through donations from parishioners to outreach projects, such as PWRDF, Centre 454, Cornerstone, etc. where the offerings constitute a trust which the parish cannot use for any other purpose. Also undesignated funds received by a parish that are then donated to an outreach project.
4. Funds received for new church structures and additional buildings.

Exemptions also include the following, which are entered as expenses in Part 3 of the Statistical Return:

1. All stipendiary clergy costs (excluding housing) i.e. ECOPS amount for the year
2. The compensation for lay staff of a parish engaged in ministry in the parish, but not including organists or music directors, administrative staff, or custodial staff, regardless of job title. (See line 28 and use the form provided.)
3. Capital expenditures for project(s), single or multiple, if they exceed 10% of the three-year average parish assessable income as provided by Ascension House, and the project deals with any of the following:
  - i. Structure (foundations, walls, windows, floors, roofing)
  - ii. Services (HVAC, plumbing, electrical, fire protection)
  - iii. The site (roadways, parking lots, pedestrian access)
  - iv. Environmental initiatives

However, projects that deal with finishes, fixtures, furnishings (fixed or moveable) and landscaping are not exempted. (See line 31 and use the form provided.)

4. Capital expenditures for projects related to health, safety, and accessibility issues, e.g. ramps and lifts for the handicapped, removal of asbestos, etc. (See line 31 and use the form provided.)

All of the above exemptions are automatically processed by Ascension House using the statistics provided via the Statistical Return and the form related to exemptions for capital costs and lay staff compensation.

Certain other exemptions may also be approved by the Fair Share Review Subcommittee upon request by the parish via a letter attached to the Statistical Return.

### **Request for Review by the Proportional Share Review Subcommittee**

The Proportional Share Review Subcommittee is a subcommittee of the Property & Finance Committee that is made up of members from across the Diocese. (The Director of Financial Ministry attends but does not vote.) Most members of the subcommittee are former churchwardens or treasurers, and there is at least one ordained member with a background in finance, as well as experience in struggling parishes. The subcommittee is able to provide some flexibility within the stated regulations. Its task is to try to accommodate those parishes that have large anomalies in their income that would unfairly raise their Proportional Parish Share for the following year. As mentioned above, parishes bring such situations to the subcommittee's attention by attaching a letter to their annual Statistical Return, giving full details.

### **Pro-Rating of Anomalous Income**

This may be granted by the subcommittee in cases where there has been a large increase in income. Pro-rating for a six-year period may be permitted if the normal three-year averaging process is not sufficient in a particular circumstance.

### **Advice**

Parishes undertaking financial campaigns or receiving large amounts of extra income should consider the apportionment implications, as such income is normally not exempted from assessable parish income. Prior consultation with the sub-committee, through the Director of Financial Ministry, is strongly advised.

### **Proportional Parish Share Apportionment System**

The Proportional Parish Share system is one place where the differing perspectives of parishes and the Diocese come into focus. For the parishes, PPS is about spending—to be dealt with like other spending, such as on program or building maintenance. For the Diocese, however, PPS is about raising income, and it is income-based—that is, based on parish income, not on parish spending. The Diocese uses PPS income to pay for essential diocesan activities, just as parishes use money from envelopes. Don't forget that the Diocese passes on part of this money from the parishes to fund the work of the National Church, besides supporting important local programs.

In brief, a parish's PPS is calculated in the following way:

1. The total net assessable parish income for all the parishes in the Diocese is added together.
2. Each parish's net assessable income is then expressed as a percentage of the total net income of all the parishes.
3. Each parish's fair share is this percentage of the approved diocesan budget.
4. The Proportional Parish Share calculation is based on the average of the parish's net assessable income for the most recent three years. The purpose of averaging is to even out the anomalies that tend to create significant swings in some parishes' apportionment figures from one year to the next.

January 2011

**APPENDIX 3**

**CONSOLIDATED TRUST FUND (CTF)**

### **(a) HISTORY & GOVERNING BY-LAW**

The CTF was established in 1970 under By-law 3.21 in order to assist parishes in the task of managing and investing monies left to the parishes by way of trust, bequests, etc. The CTF ensures that monies and investments are dealt with in a safe and prudent way and that the investments of such monies are managed in a balanced portfolio by professional fund managers under the general direction of the Diocesan Investment Committee. Unit value may increase or decline over time.

Bylaw 3.21.4 states that all personal property, securities, and monies received in trust by a congregation or parish on or after the first day of January 1970 by way of gift, bequest or in any other way shall be remitted to the Synod for administration as part of the Consolidated Trust Fund, although the Diocesan Council of the Diocese may exempt any congregation or parish or any portion of the property referred to herein from provisions of the CTF section of the CBRs.

### **HOW IT WORKS**

#### **1. New Monies**

New monies received by the CTF are held in separate trust accounts in names indicated by the parish and/or the bequest, will, etc. New monies received by the CTF are unitized at the end of the quarter in which the monies are received at the then current market value. It is to the benefit of the Parish to deposit monies to the CTF *before* the end of the quarter rather than at the beginning. These units then become the basis for arriving at dividends. Withdrawal of capital is established at the most current market value.

#### **2. Dividends**

The Property & Finance Committee of the Diocese, through its Investment Sub-Committee, establishes a dividend rate each year based on the anticipated yearly total income in the CTF. In addition, on the advice of the Investment Sub-Committee, the Property & Finance Committee reviews the total income a second time towards the end of each calendar year in order to determine whether an extra dividend can be declared. Parishes may elect to receive their dividends on a semi-annual or annual basis or they may choose to capitalize their dividends. The dividends are based on the number of units held in each separate trust account multiplied by the dividend rate established by the Property & Finance Committee. Income may also be designated to offset Cost of Priestly Services.

#### **3. Statements**

Statements showing the capital book value and the capital market value, plus any capital or dividend activity during the calendar year are issued annually to each separate trust account.

#### **4. Capital Withdrawals**

Capital withdrawals from a parish trust may be made by a parish from the CTF provided that the necessary parish and diocesan approvals have been secured. Included in these approvals must be a compliance to the terms and conditions of any will, bequest, or trust document, etc. The Director of Financial Ministry can assist parishes on the correct procedure for capital withdrawals.

### CTF Withdrawal Decision Rights

Decision	Delegations		Practices/Policy	CBRs
	Thresholds	Approval Requirement		
CTF Withdrawals	≤\$15,000 or ≤15%, if parish assessable income > \$100,000	Parish Corporation	Consult relevant trust documents e.g. will	B.3.24(6)
	>\$15,000 and ≤\$50,000 or ≤50% (if parish assessable income > \$100,000)	1) Parish Council / Parish Central Committee 2) Archdeacon	Consult relevant trust documents e.g. will	B.3.24(6)
	>\$50,000 or >50% (if parish assessable income > \$100,000) *	1) (Special) Vestry 2) Archdeacon 3) Property & Finance Committee 4) Bishop	Consult relevant trust documents and complete Application Form	B.3.24(6)

### Withholding Bequest Monies Decision Rights

Decision	Delegations		Practices/Policy			CBRs
	Thresholds	Decide	Recommend	Consult		
Withholding Bequest Monies	≤\$10,000	DFM	Parish Corporation	Archdeacon	Show will, motion	B.3.24(4)
	>\$10,000 ≤\$30,000	DFM	Parish Council / Parish Central Committee	Archdeacon	Show will, motion, and letter from Archdeacon	B.3.24(4)
	>\$30,000	PFC	(Special) Vestry	Archdeacon	Application	B.3.24(4)



**(b) GUIDELINES FOR SUBMISSION TO THE PROPERTY & FINANCE COMMITTEE (P&F)**

Parishes must obtain the approval of the Property & Finance Committee (P&F) before withdrawing any significant amount from the Consolidated Trust Fund (CTF), undertaking any mid- to large-size capital projects, withholding a gift or bequest, or receiving a loan from the Church Extension Fund (CEF). The committee is also pleased to respond to other specific finance-related requests from parish treasurers and wardens. It usually meets on the second Wednesday of each month (summer excluded). You must complete a Project Application form, a specimen of which follows as Appendix 4(a).

**Project Approval Decision Rights**

Decision	Delegations		Practices/Policy	CBRs
	Thresholds	Approval Requirement		
Project Approval	≤\$15,000 or ≤15%, if parish assessable income > \$100,000	Parish Corporation		R.5.01(6)
	>\$15,000 and ≤\$50,000 or ≤50% (if parish assessable income > \$100,000)	1) Parish Council / Parish Central Committee 2) Archdeacon	Pass motion, formulate plans, analyze financial position	R.5.01(6)
	>\$50,000 or >50% (if parish assessable income > \$100,000) *	1) (Special) Vestry 2) Archdeacon 3) Property & Finance Committee 4) Bishop	Complete Application Form	R.5.01(6) B.3.22(1)

\* For CTF withdrawals and for projects in the \$50,000+ range being presented to the Property & Finance Committee for approval, decision rights are delegated to the Director of Financial Ministry (DFM), and the Director of Property & Asset Management (DPAM) respectively, and one Property & Finance Committee member provided that, in their opinion:  
a) all the relevant information and documentation set out in the Application Form has been provided;  
b) all the numbers and details provided are tenable;  
c) there is no question to whether the project should go forward; and  
d) all decisions are reported at the next Property & Finance Committee meeting.

The deadline for submissions to Ascension House is the first Monday of the month (July and August excluded).

**APPENDIX 4(a)**

**APPLICATION FORM FOR WITHDRAWALS & PROJECTS**

# Application for Approval from the Property & Finance Committee (PFC), or the Church Extension Fund Board (in the case of loans)

*Please be sure to check the relevant boxes below and then complete the corresponding sections.  
Complete all the applicable fields in those sections and provide the required supporting documentation.*

**NOTE: An incomplete application will not be reviewed.**

The Parish of \_\_\_\_\_ is seeking:

GO TO

- |  |            |
|--|------------|
| <input type="checkbox"/> A CTF withdrawal of \$30,000, or 30% of Assessable Income, * or more.....                         | SECTION 1  |
| <input type="checkbox"/> A Rectory Trust Fund (RTF) withdrawal of \$30,000, or 30% of Assessable Income, * or more.....    | SECTION 2  |
| <input type="checkbox"/> Approval in principle for a project costing \$30,000, or 30% of Assessable Income, * or more..... | SECTION 3A |
| <input type="checkbox"/> Final approval for a project costing \$30,000, or 30% of Assessable Income, * or more.....        | SECTION 3B |
| <input type="checkbox"/> Permission to withhold a gift or bequest from the CTF.....  | SECTION 4  |
| <input type="checkbox"/> Permission to sell property.....  | SECTION 5  |
| <input type="checkbox"/> Approval of a lease.....  | SECTION 6  |
| <input type="checkbox"/> A loan from the Church Extension Fund (CEF).....  | SECTION 7  |
| <input type="checkbox"/> Signatures of Corporation (THIS SECTION IS MANDATORY).....  | SECTION 8  |

**\*If the parish's average Assessable Income for the previous 3 years is in excess of \$100,000, the threshold for approval by PFC is 30% of the Assessable Income, and not \$30,000. (Refer to your FAIR SHARE CALCULATION form (Item A) for the Assessable Income amount.)**

## SECTION 1: CTF withdrawal of \$30,000, (or 30% of 3-year average Assessable Income if in excess of \$100,000) or more

1. If your parish had in the previous year a 3-year average Assessable Income more than \$100K, what is it? \$ \_\_\_\_\_
2. Trust Fund Name: \_\_\_\_\_ CTF Number: \_\_\_\_\_
3. Latest Market Value of Trust: \_\_\_\_\_ Date: \_\_\_\_\_
4. Conditions of Trust or Will: \_\_\_\_\_
5. Requested Amount: \$ \_\_\_\_\_ Note: Funds withdrawn are calculated as assessable income and will affect PFS over the 3 years following the year of withdrawal due to averaging.
6. Intended use of the withdrawn funds (please use separate sheet if necessary):  
\_\_\_\_\_
7. Please provide a copy of the (Special) Vestry Motion. Attached
8. When would the parish like to receive the funds?  
as soon as possible  after the dividend run  upon request

## SECTION 2: Rectory Trust Fund of \$30,000, (or 30% of 3-year average Assessable Income if in excess of \$100,000) or more

**NOTE:** A parish may either withdraw or borrow from the principal in its RTF. See Policy at: [http://www.ottawa.anglican.ca/documents/Rectory\\_Trust\\_Fund\\_Policy\\_Final.html](http://www.ottawa.anglican.ca/documents/Rectory_Trust_Fund_Policy_Final.html)

**If making a withdrawal:** The amount withdrawn will not be subject to Parish Fair Share (PFS). However, at the time of the withdrawal, an amount equal to 10% of the withdrawal will be transferred from the parish RTF to the Church Extension Fund (CEF). This policy is in keeping with the spirit of Regulation 5.01(3) that requires the funds from the sale of parish buildings no longer required to be transferred to the CEF.

**If borrowing:** There will be a formal loan and repayment agreement. There will be no interest but an administration fee of \$200 per annum on the outstanding balance will be charged. When the loan is made, the Diocese sells enough units of the parish's RTF to pay out the loan. This reduces the dividends paid to the parish's housing allowance. The parish repayments are used to repurchase units at the then current price. The parish is not allowed to borrow more than 90% of the RTF. Borrowed money is not subject to PFS but the income used to pay back a loan is. This unlocking of RTF principal is not intended to turn the RTF into a bank account. Therefore, frequent withdrawals, especially for small amounts, will not be considered favorably by the PFC.

1. If your parish had in the previous year a 3-year average Assessable Income more than \$100K, what is it? \$ \_\_\_\_\_

2. Trust Fund Name: \_\_\_\_\_ CTF Number: \_\_\_\_\_

3. Latest Market Value of Trust: \_\_\_\_\_ Date: \_\_\_\_\_

4. Requested Amount

Loan in the Amount of \$ \_\_\_\_\_ or

<input type="checkbox"/> <u>Non-Repayable Withdrawal</u> in the Amount of	\$ _____
10% contribution to CEF	\$ _____
Total Withdrawal	\$ _____

5. Intended use of the withdrawn funds (please use separate sheet if necessary):

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. If the sale of the rectory was within the last two years, please explain why the request for withdrawal is being made prior to the end of the mandatory two-year waiting period.

\_\_\_\_\_

\_\_\_\_\_

6. Please provide a copy of the (Special) Vestry motion approving the withdrawal/loan. Attached

7. Please provide a proposed repayment plan if this is an application for a loan. Attached

8. When would the parish like to receive the funds?

as soon as possible       after the dividend run       upon request

**SECTION 3A: Approval in principle for a project costing \$30,000, (or 30% of the previous year's 3-year average Assessable Income if in excess of \$100,000) or more**

When a parish is considering a major capital project, the first step is to obtain approval in principle from PFC. When completing this application, the following must be submitted (please check the boxes to indicate the information is provided):

If your parish had in the previous year a 3-year average Assessable Income more than \$100K, what is it?  
\$ \_\_\_\_\_

A certified copy of (Special) Vestry motion

Draft of preliminary plans, concepts and drawings

Estimated cost of project \$ \_\_\_\_\_

Method of financing:

\_\_\_\_\_  
\_\_\_\_\_

Statement of why the project is required:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Is there a safety issue that has prompted this work? YES  NO

If YES, please specify that it is:

an immediate safety issue (i.e. within 1 month)

an intermediate safety issue (i.e. within 6 months)

a long-range safety issue

Give details to explain this assessment:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SECTION 3B: Final Approval for a project costing \$30,000, (or 30% of the previous year's 3-year average Assessable Income if in excess of \$100,000) or more**

If your parish had in the previous year a 3 year average Assessable Income more than \$100K, what is it?  
\$ \_\_\_\_\_

When completing this application, the following must be submitted (please check the boxes to indicate the information is provided):

- A certified copy of (Special) Vestry resolution
  
- Copy of final plans and specifications
  
- Actual cost as established by a tender or conditional contract: \$ \_\_\_\_\_
  
- Copies of tender documents are attached (It is recommended that 3 tenders be sought.)
  
- Method of financing:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
- Attach a complete financial plan and project budget with a repayment schedule.
  
- Statement of the particulars of any performance bond furnished by contractor:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
- What is the rationale for choosing the particular proposal/tender?  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## SECTION 4: Permission to withhold a gift or bequest from the CTF

See policy at:

[http://www.ottawa.anglican.ca/documents/Policy\\_Allowing\\_Parishes\\_Withhold\\_Monies\\_from\\_CTF.html](http://www.ottawa.anglican.ca/documents/Policy_Allowing_Parishes_Withhold_Monies_from_CTF.html)

On receiving funds that would normally be deposited in the CTF as per Bylaw B.3.21(4), but which the parish decides should be withheld for a period of up to 18 months, obtain the necessary approval and submit evidence of this to the Director of Financial Ministry for the following amount levels:

- Less than \$10,000 requires Parish Corporation and Archdeacon approval.
- Between \$10,000 and up to \$30,000, requires Parish Council/Parish Central Committee and Archdeacon approval,
- \$30,000 or more requires (Special) Vestry, Archdeacon and Property & Finance Committee approval.

Amount requested to be withheld: \$ \_\_\_\_\_

If the amount is a bequest, submit a copy of the will. Attached

If the amount is \$30,000 or more, submit a copy of the (Special) Vestry motion. Attached

Explain the reason for the withholding of the amount: \_\_\_\_\_  
\_\_\_\_\_

## SECTION 5: Permission to sell property

What property does the parish wish to sell? \_\_\_\_\_  
\_\_\_\_\_

Why does the parish wish to sell the property? \_\_\_\_\_  
\_\_\_\_\_

What is the value of the property you wish to sell? \_\_\_\_\_

An appraisal should be done by a qualified person/organization.

Attach a copy and check here to indicate that it is attached

A (Special) Vestry is required to approve the sale. Attach a copy of the passed motion. Attached

What is the proposed disposition of the net proceeds of sale? (Refer to CBRs R.5.01(3))  
\_\_\_\_\_  
\_\_\_\_\_

## SECTION 6: Approval of a lease

Are you the lessee or the lessor in the lease? \_\_\_\_\_

Please give the rationale for the lease: \_\_\_\_\_  
\_\_\_\_\_

What is the length of the lease? \_\_\_\_\_

Please attach a draft copy of the lease document and check here to indicate that it is attached,

A (Special) Vestry is required to approve the lease. Attach a copy of the passed motion. Attached

IF YOU ARE THE LESSOR, how will the lease proceeds be used? \_\_\_\_\_  
\_\_\_\_\_

IF YOU ARE THE LESSEE, what is the proposed method of financing the lease payments? \_\_\_\_\_  
\_\_\_\_\_

## SECTION 7: Loan from the Church Extension Fund

NOTE: APPLICATIONS WILL BE CONSIDERED BY THE CHURCH EXTENSION FUND BOARD

See Policy at: [http://www.ottawa.anglican.ca/documents/Church\\_Extension\\_Fund.pdf](http://www.ottawa.anglican.ca/documents/Church_Extension_Fund.pdf)

1. Amount of loan requested: \$ \_\_\_\_\_

2. Purpose of loan (attach an extra sheet with details if necessary):  
\_\_\_\_\_  
\_\_\_\_\_

3. How will the parish afford to repay the loan?  
\_\_\_\_\_  
\_\_\_\_\_

4. Please attach a copy of a financial plan to pay back the loan. Attached

5. Please attach a copy of the (Special) Vestry motion. Attached

NOTE: The parish will be charged all legal fees and costs, and other costs connected with this loan.



## **SECTION 8: Signatures of the Corporation**

**THIS SECTION MUST BE COMPLETED FOR ALL APPLICATIONS WHEN SUBMITTING ONLY THE PERTINENT SECTION(S) TO THE SYNOD OFFICE**

**1. Incumbent/**

**Priest-in-Charge:** \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**2. Churchwarden:** \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

**3. Churchwarden:** \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

### **PLEASE NOTE:**

IT IS **NOT** NECESSARY TO PRINT AND RETURN ALL SECTIONS TO THE SYNOD OFFICE. PLEASE RETURN ONLY THE FRONT PAGE WITH THE APPROPRIATE BOX(ES) CHECKED OFF, THE ASSOCIATED SECTION(S) THAT YOU HAVE COMPLETED, AND THIS LAST PAGE

TO:

INCORPORATED SYNOD OF THE DIOCESE OF OTTAWA  
71 BRONSON AVENUE  
OTTAWA, ON K1R 6G6

**APPENDIX 5**  
**CONTROLS**

## **a) INTERNAL CONTROL**

The methods and procedures adopted by a business to control its operations are collectively known as a *system of internal control*. In a properly-designed system, the procedures encourage adherence to prescribed managerial policies, promote operational efficiencies, protect the business assets from waste, fraud, and theft, and ensure accurate and reliable accounting data.

Internal control methods and procedures vary from company to company, depending on such factors as the nature of the business and its size. However, some broad principles of internal control are as follows:

### **Responsibilities should be clearly established**

- Wardens
- Sidespersons
- Envelope Secretary
- Treasurer
- Incumbent
- Parish Administrator
- Property Committee

### **Adequate records should be maintained**

Good records provide a means of control by placing responsibility for the care and protection of assets but poor records invite laxity and potential waste/theft.

### **Assets should be insured and employees bonded**

Assets should be covered by adequate casualty insurance, and employees who handle cash and negotiable assets should be bonded.

Wardens and treasurers should have a police record check every 3 years.

### **Record keeping and custody should be separated**

A fundamental principle of internal control requires that the person who has access to or is responsible for an asset should not maintain the accounting record for that asset. When this principle is observed, the custodian of an asset, knowing that a record of the asset is being kept by another person, is not apt to either misappropriate the asset or waste it; and the record keeper, who does not have access to the asset, has no reason to falsify his record.

Furthermore, if the asset is to be misappropriated and the theft concealed in the records, collusion is necessary.

### **Responsibility for related transactions should be divided**

Responsibility for a divisible transaction or a series of related transactions should be divided between individuals in such a manner that the work of one acts as a check on that of another. For example, responsibility for placing orders, receiving the merchandise, and paying the vendors should not be given to one individual.

### **Internal control for cash**

Three basic principles should always be observed:

1. There should be a separation of duties so that the people responsible for handling cash (sidespersons) and for its custody (wardens) are not the same people who keep the records (Envelope Secretary and Treasurer).
2. All receipts should be deposited in the bank, intact, each day.
3. All payments should be made by cheque.

The one exception to the last principle is that small disbursements may be made in cash from a petty cash fund.

### **Disbursements and signing authority**

1. All cheques should be prenumbered and should require the signatures of two persons with signing authority. No cheque should ever be completed without the requisite documentation attached.
2. A cheque requisition form should be used which clearly indicates the cheque number and date, the amount of the transaction, the invoice number of the payee, the payee's name, and the accounting information. The invoice or contract should be attached to the requisition and requires a warden's review and authorization before payment can be made.
3. It is effective to use pre-authorized payments when available, e.g. gas, hydro, water and sewage, telephone and internet, however, a cheque requisition should always be attached to these invoices for the warden's review and authorization.
4. When certain types of work have to be certified as complete and acceptable by a specific person e.g. property chair, the invoice should be signed off by this person before being presented for payment.

b) INTERNAL CONTROL TABLE

<b>INTERNAL CONTROL - CHURCH ENVIRONMENT</b>					
<b>Activity</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 4</b>	<b>Step 5</b>
Cash, cheques received at services	Collected by sidespersons	Counted, recorded by team of 2-4, bank deposit slip prepared	Deposit slip verified, cash, cheques banked by warden	Envelope secretary takes count team information, reconciles, records for tax receipt purposes	Treasurer takes count team information, deposit slip copy, envelope secretary information and updates accounting system. Resolves queries with Envelope Secretary /Count team
Cheques received in the mail	Admin person puts cheque, correspondence into secure box, advises wardens	Recorded and included with next deposit by count team	Ditto	Ditto	Ditto
PAR	Deposit notification received by Envelope Secretary, reconciles, records for tax receipt purposes	Copy of deposit notification provided to treasurer, updates accounting system			
Invoices received by mail, or in the church office	Admin sorts and provides to appropriate person for review	After initial review, cheque requisition prepared, invoice attached	Treasurer reviews requisition, invoice, prepares accounting info and cheque for authorization	Warden reviews cheque, requisition, invoice; authorizes requisition, signs cheque	Admin mails cheques to payees. Treasurer updates accounts, files all documents.

<b>Activity</b>	<b>Step 1</b>	<b>Step 2</b>	<b>Step 3</b>	<b>Step 4</b>	<b>Step 5</b>
Contract	To be negotiated by person(s) Identified as responsible	Reviewed, accepted, authorized by wardens	Copy of contract provided to treasurer for financial records	Original contract held in church files for reference	
Monthly Bank statement	Received in church office	Provided to treasurer	Treasurer completes monthly bank reconciliation	Treasurer reviews bank reconciliation with wardens	
Monthly reports	Treasurer prepares YTD comparative reports for all income and expenditures	YTD reports are presented to Corporation for information, discussion	YTD report is presented to Parish Council for information, discussion		
Quarterly reports	Treasurer prepares balance sheet every quarter	Balance sheet presented to Corporation for information, discussion	Balance sheet presented to P.C. for information, discussion		
Key Indicators	Incumbent, wardens decide on key indicators for particular focus at P.C.				
Audit	Independent qualified auditor	Financial Statements for fiscal year and all financial records, documents given to auditor	Corporation and treasurer available to answer any questions from auditor	Auditor provides appropriate letter of opinion	

## c) COUNTING GIVINGS & OTHER AMOUNTS

### It's Important:

- First step in demonstrating good practice/procedures (internal control)
- The summary sheet is the basis for allocating to the proper accounts, i.e. adult givings, PWRDF, flowers, rent, etc.
- The summary sheet, the deposit slip, envelopes, tapes and related working sheets are the basis to resolve any disputes with the bank about the deposit; they support the financial accounts
- The auditors (Deloitte) do audit tests on these documents
- CRA would also use them for audit tests
- They are the basis for the Envelope Secretary preparing tax receipts

### Recommended Practice/Procedure:

#### First Sort:

- Envelopes into the series (001-099, 100-199, 200-299, 300-399, 600s and Special Offerings)
- Identifiable cash and cheques without numbers
- Open collections
- Sundries (PWRDF, flowers, etc.)

#### Make Your Lists:

- Envelopes in their numeric series
- Cheques without numbers and identifiable cash
- Open collections
- Sundries (memorials, rent, etc.)

#### Verify That:

- Cheques are dated and signed; that the numeric value equals the written value
- If the cheque is post-dated then it must be held until that date
- Envelope number should be written on the cheque
- Cheque amount and the cheque number is written on the envelope
- The amount on the envelope is legible (\$20, no confusion with \$2 or \$200)
- Enter the amounts on your lists as you do the verification
- Attach adding machine tapes to your lists (write date and series on tape)

#### The Summary Sheet:

- Ensure that adequate information is provided to identify who is paying rent, source of special donations e.g. Pennies from Heaven, who it's "in memory" of, etc.
- Deposit bag number is inserted and copy of deposit slip is attached to the Treasurer's copy.

**d) RECORD OF RECEIPTS FOR ENVELOPE SECRETARY & TREASURER**

DATE \_\_\_\_\_ SERVICE \_\_\_\_\_  
 (Month/Day/Year)

**GIVINGS**

001 to 099 \$ \_\_\_\_\_  
 100 to 199 \$ \_\_\_\_\_  
 200 to 299 \$ \_\_\_\_\_  
 300 to 399 \$ \_\_\_\_\_  
 400 to 499 \$ \_\_\_\_\_  
 500 to 599 \$ \_\_\_\_\_  
 600 to 699 \$ \_\_\_\_\_

Special (Initial Offering, Lent, Easter, Xmas, etc) \$ \_\_\_\_\_

TOTAL GIVINGS \$ \_\_\_\_\_

Identifiable Cash and Cheques without numbers \$ \_\_\_\_\_  
 (Please attach form with all available information about the donor)

OPEN COLLECTIONS (Loose) \$ \_\_\_\_\_

TOTAL COLLECTIONS \$ \_\_\_\_\_

**SUNDRIES**

PWRDF	\$ _____	Diocesan Newspaper	\$ _____
Cap. Maint.	\$ _____	Rent - Rectory	\$ _____
Flowers	\$ _____	Rent - Other *	\$ _____
Memorials	\$ _____	*Name	_____
Ministry X	\$ _____	*Name	_____
Ministry Y	\$ _____	*Name	_____
Other (Identify)	_____		\$ _____
Other (identify)	_____		\$ _____
Other (identify)	_____		\$ _____
		<b>TOTAL SUNDRIES</b>	\$ _____

TOTAL COLLECTIONS \$ \_\_\_\_\_

Deposit Bag Number \_\_\_\_\_ Bank Deposit \$ \_\_\_\_\_



## **APPENDIX 6**

### **CONSOLIDATED TRUST FUND INVESTMENT POLICY STATEMENT**

## **Part One - Governance**

### **1 Purpose of the Consolidated Trust Fund**

The Consolidated Trust Fund (Fund) of the Anglican Diocese of Ottawa was established in 1970 to bring together the trust funds held by the Diocese and its parishes for the purpose of providing cost-effective professional investment management for the combined funds.

#### **1.1 Administration**

The Investment Sub-committee (Committee) reports to the Property & Finance Committee (P&F) of the Diocese. The Committee oversees the management of the Fund's investments on behalf of P&F, provides policy advice where appropriate and ensures that the Fund is managed in accordance with the policies set out in this Statement as well as with all applicable legal requirements, including the Income Tax Act (Canada) and the Ontario Trustee Act.

#### **1.2 Investment Committee**

The Committee shall have six voting members appointed by P&F plus three non-voting members appointed by virtue of their office, being:

- 1.2.1.1 The Bishop or the Bishop's designate;
- 1.2.1.2 The Director of Financial Ministry; and
- 1.2.1.3 One full-time priest appointed by the Bishop.

The remaining members need not be office holders of the Diocese.

The Chair of the Committee is appointed by P&F. Voting members shall be appointed for a three-year term, and may be reappointed for a further three years, with further extensions (which should be exceptional) at the discretion of P&F.

Meetings will generally be held quarterly, with a quorum of at least four voting members. The Committee shall:

- 1.2.2 Recommend for P&F approval an Investment Manager and, as required, a Custodian;
- 1.2.3 Monitor the investment performance of Fund assets, and provide quarterly/annual reports thereon to P&F;
- 1.2.4 Recommend to P&F an annual distribution to be paid to Fund unit holders;
- 1.2.5 Keep itself informed regarding the legal and regulatory requirements and constraints set out in this Statement and in applicable trust, securities, and other legislation;

- 1.2.6 Provide the Investment Manager with adequate advance notice of any significant nonroutine deposits or withdrawals; and
- 1.2.7 Review Parts 1 and 2 of this Statement at least once every three years and recommend changes, if any, to PFC.

### **1.3 Distributions to Unit Holders**

In the fourth quarter of each year the Committee will recommend to P&F a distribution payout for the following year to be paid to Fund unit holders in equal quarterly installments. The recommendation will be derived from the policy set out in Part Three of this Statement, which is designed to accommodate the needs of unit holders for an adequate and reasonably stable payout that is sustainable over time and protects the capital of the Fund after taking inflation into account.

### **1.4 Investment Manager**

In addition to the quarterly and annual reports to the PFC on the performance of the Fund, the Committee will continuously assess the performance of the Investment Manager on a quarterly and annual basis, providing a written Annual Review and a more Comprehensive Review at least once every five years (or sooner, if necessary), in order to advise the PFC on the appointment, or re-appointment, of a new, or existing Investment Manager (*see Process Addendum attached*).

The Investment Manager is responsible for:

- 1.4.1 Ensuring that the Fund is managed in accordance with the requirements of this Statement and with all applicable legal and regulatory requirements and constraints;
- 1.4.2 Advising the Committee of any elements of this Statement that could prevent attainment of the Fund's objectives;
- 1.4.3 Explaining the risks, potential rewards, and other characteristics of any proposed new class of investments, and how it may assist in achieving the Fund's objectives; and
- 1.4.4 Reporting to and meeting with the Committee as set out in Section 2.5 of this Statement.

The Investment Manager's role is to manage the assets of the Fund, directly and/or through the use of portfolio sub-managers with expertise in specific asset classes (e.g. global equities) appointed by the Manager, to achieve the Fund's investment objectives. Notwithstanding any discretionary powers that the Manager may have, he/she may choose to consult with and make recommendations to the Committee before exercising such powers.

Sub-managers have authority to manage the portfolios assigned to them in accordance with the mandates given them by the Manager.

## **1.5 Custodian**

The Custodian is appointed by the Investment Manager and is responsible for:

- 1.5.1 Holding the assets of the Fund in accordance with applicable legislation; and
- 1.5.2 Providing monthly-consolidated reports of the assets of the Fund to the Diocese's Director of Financial Ministry.

## **1.6 Conflict of Interest**

Committee members, as fiduciaries of the Fund, must disclose any actual or perceived conflict of interest to the Chair of P&F. A conflict of interest is deemed to exist when a fiduciary of the Fund has an interest of sufficient substance and proximity to his/her duties and powers with respect to the Fund to impair or potentially impair his/her ability to render unbiased advice or to make unbiased decisions affecting the Fund.

The Manager shall fully disclose to the Committee information on any actual or potential conflicts of interest.

## **1.7 Exercising Voting Rights**

Sub-managers are responsible for exercising the voting rights for the shares in their respective portfolios but will be encouraged to take opportunities where available to use our voting proxies to promote good ESG practices consistent with protecting the long-term interests of the Fund.

## **1.8 Securities Lending**

Securities lending is permitted as long as normal industry standards of prudence are followed.

# **Part Two - Investment Objectives**

## **2.1 Fund Objectives**

### **2.1.1 Investment Objective**

The Fund will be invested primarily in a mix of publicly-traded fixed income and equity securities with the objective of preserving capital by benefiting from the superior long-term returns expected of prudently managed equity investments, while also enjoying the income generation and relative price stability of high-quality fixed income investments. A small proportion of the Fund may be invested in alternative investments to provide diversification, income, and preservation of capital.

### **2.1.2 Corporate Social Responsibility**

The Fund shall avoid investment in companies that could pose a significant ethical concern to the Diocese, and limit investment in companies that have measurable environmental, social or governance concerns, including those that:

- Engage in abusive labour practices<sup>1</sup>; and/or
- Engage in the production or sale of controversial weapons (anti-personnel mines, biological and chemical weapons, cluster weapons, depleted uranium, nuclear weapons and/or their delivery systems, and white phosphorus), and/or;
- Derive more than five per cent of their revenues from sales of adult entertainment (pornography), gambling, or tobacco products;
- Have an ESG Risk Rating of Severe, as measured by Sustainalytics;
- Have an ESG Risk Rating in the lowest 20% of the Global Universe or their Industry Group, as measured by Sustainalytics;
- If a company has an ESG Risk Rating in the lowest 20% of their Sub-Industry, as measured by Sustainalytics, the company may be added to the account, but will be discussed at the next scheduled Investment Sub-committee meeting.

The Fund shall also, where practical, promote good environmental, social and governance practices through proxy voting and other means, as may be available. This policy shall be applied as reliable and pertinent data<sup>2</sup> becomes available to the Committee and is practical to implement. Consistent with the October 2015 Synod motion, the CTF divested all its direct shareholdings in any companies included in the Carbon Underground 200 list of fossil fuel producers. This was accomplished by June 30, 2018.

## 2.2 Performance Objectives

The Investment Manager is expected to add value to the Fund by achieving investment performance on a rolling five-year period and net of investment management fees that meets or exceeds the relevant indexes indicated in the table below.

<sup>1</sup> As defined by Sustainalytics Category 4 (several controversies with major impact on stakeholders) and Category 5 (complicit violations of human rights, most serious forms of corruption or fraud, most serious environmental crimes)

<sup>2</sup> As prepared by Sustainalytics

## 2.3 Asset Mix, Ranges and Benchmark Indices

Asset Classes	Benchmark Allocations	Min-Max Range	Benchmarks (5-year returns)
	Percentage of Total Assets`		
Fixed Income (Inc. Cash)	40	35 - 45	<i>FTSE TMX Canada Universe Bond Index</i>
Canadian Equities	20	15 - 25	<i>TSX Composite Index (capped)</i>
Foreign Equities	40	35 - 45	<i>MSCI World Index (\$C)</i>

Real Estate	5	0-10	<i>Canadian CPI (non s.a.) one month lag +400bp</i>
-------------	---	------	---

Cash (including T-bills and other cash equivalents) may account for up to 10% of the total portfolio. The Investment Manager will monitor asset mix on a monthly basis and take appropriate rebalancing action as required.

## 2.4 Risk Management

Derivatives securities may be used for hedging purposes, including protecting against fluctuations in the value of foreign currencies and losses from changes in interest rate and market indices, should this be desired, and for non-hedging purposes as a substitute for direct investment. Without the specific authorization of the Committee derivative, securities may not be used for speculative purposes or to add leverage to the portfolio. As well, without the specific authorization of the Committee, no investments in hedge funds may be made.

### 2.4.1 Fixed Income

At least 60% of fixed income investments shall be invested in “core” fixed income, defined as government and investment grade corporate bonds (BBB or above). These securities may be denominated in Canadian or foreign currency.

In addition, investments may be made in "specialty" fixed income such as high yield bonds, Emerging Markets bonds and convertible bonds. These securities may be denominated in Canadian or foreign currency. At least 80% of the overall fixed investments shall be in Canadian dollars or hedged into Canadian dollars.

Exposure to any single issuer shall not exceed 10% of the asset class.

#### **2.4.2 Canadian Equities**

Canadian equities investments shall adhere to the following guidelines:

- 2.4.2.1 Investments shall be well-diversified across industry sectors and capitalization ranges;
- 2.4.2.2 No one equity holding shall represent more than 10% of the value of the asset class;
- 2.4.2.3 No more than 15% of the asset class shall be invested in companies with a market capitalization of less than \$250 million at time of purchase;
- 2.4.2.4 The weight of any equity industry group in the portfolio will be limited to the greater of 15% of the equities portfolio or 150% of the industry group's weighting in the appropriate index (TSX Capped Composite Index, in the case of Canadian equities);
- 2.4.2.5 No single holding will represent more than 10% of the outstanding shares of any class of shares of a single corporation (including its consolidated subsidiaries);
- 2.4.2.6 No short sales, private placements or transactions on margin will be executed in the portfolio. Warrants and/or installment receipts, however, may be purchased.

#### **2.4.3 Foreign Equities**

Foreign equity investments are subject to the same guidelines as Canadian equity funds. In addition:

- 2.4.3.1 Emerging markets shall not account for more than 15% of the foreign equities asset class; and
- 2.4.3.2 There will be no overall hedging of foreign currency exposures against the Canadian dollar, although individual sub-managers may do currency hedging as part of their investment strategy.

#### **2.4.4 Real Estate**

A benchmark allocation in the RBC Canadian Real Estate Fund, an open-ended investment trust that makes direct private equity investments in commercial real estate in Canada.

### **2.5 Reporting and Monitoring**

#### **2.5.1 Reporting**

Not more than 30 business days from the last day of the quarter, the Investment Manager will provide a report with the following information:

- 2.5.1.1 Fund holdings at the end of the quarter by industry sector, and transactions during the quarter;
- 2.5.1.2 Rates of return for the Fund and for the funds managed by each sub-manager, with comparisons against agreed benchmarks;
- 2.5.1.3 A compliance report stating that the assets of the Fund are invested in compliance with this Statement.

## **2.5.2 Monitoring**

At least quarterly, and more frequently if requested, the Investment Manager will meet with the Committee to review the most recent quarterly report, addressing in particular:

- 2.5.2.1 The absolute and relative performance of the Fund and of its sub-managers;
- 2.5.2.2 The investment outlook, investment strategies, and risks and rewards inherent therein; and
- 2.5.2.3 Relevant compliance matters.

The review will also include an update on developments since the date of the last report.

## **2.6 Parish Communication**

The Committee, working with the P&F, will keep parishes in the Diocese aware of the CTF and its performance. The Diocesan website and annual Diocesan Synod will be important in this regard. Reporting should include, but not be limited to, nominal and real (after inflation) returns, distributions, and the payout ratio (distributions divided by portfolio investment gains net of all fees and administrative expenses) over one-year and five-year periods (ending June 30), as well as the distribution for the following year, after it is established.

## **2.7 Standard of Care**

The Investment Manager will comply, at all times and in all respects, with the Code of Ethics and Standards of Professional Conduct promulgated by the CFA Institute, and will take reasonable steps to ensure that the sub-managers adhere to the same or equivalent standards.



## Part Three - Annual Distribution Policy

### 3.1 Normal Distribution Calculation

The recommended distribution payout will normally be 4.0 percent of the average unit market value over the past five years, rounded to the nearest cent. This average will be calculated as the average of the twenty quarter-end unit market values ending with the most recent third quarter of the year.

### 3.2 Caps on Distributions

Notwithstanding the above, except in extenuating circumstances, the distribution should not be above the following caps:

- 4.5 percent of the average unit market value over the four quarters ending with the most recent third quarter of the year (a cap that would bind only if there had been a huge decline in market values in the last year or so), rounded to the nearest cent.
- 4.5 percent of the average unit market value over the twenty quarters (five years) ending at the end of the first quarter of the year two and a half years earlier (a cap that would only bind if there had been a huge increase in market values in the last several years), rounded to the nearest cent.

### 3.3 Extenuation Circumstances

In extenuating circumstances, the Committee may recommend a higher or lower distribution.

### 3.4 Review of Distribution Policy

A fundamental review of this policy should take place at least every 5 years, now established as the end/start and middle of each decade (i.e. next by 2025).

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## ESG Screening

Environmental Social and Governance (ESG) screening is now a required expectation of any investment manager's responsibilities. The investment manager, and designated investment subsidiaries, will operate with investment principles that reflect a best-in-class methodology. ESG and responsible investing considerations will be primary in the investment manager's financial transactions.

The ESG screening criteria will have an *exclusionary* and *qualitative* review process. The exclusionary screening component will be based on those categories listed in the Diocesan Investment Policy Statement, for example, alcohol, tobacco, weapons etc.

A qualitative screening component will comprise investments that impact on:

- Community
- Corporate Governance
- Employee Relations
- Environment
- Human Rights, and
- Product and Business Practices.

The qualitative screening process will assess the positive and negative aspects of a company's overall performance, including that of its subsidiaries and/or supply chains.

This may involve balancing strengths and shortfalls across issue areas and a comparison to industry standards.

The investment manager will take a proactive approach in the procuring and the oversight of potential and on-going investments. This entails engaging with prospective companies and industries regarding ESG criteria and ensuring proxy voting takes place that reflects responsible investing concerns.

The investment manager will custom tailor the investment selections and purchases to the specific requirements of the Sub-Committee's financial objectives.

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## Investment Manager Assessment Guidelines

### Context

The Investment Sub-Committee (Committee) of the Property & Finance Committee (P&F) of the Incorporated Synod of the Anglican Diocese of Ottawa is responsible for the oversight of the professional management of the Anglican Diocese of Ottawa Consolidated Trust Fund (CTF).

The Sub-Committee operates within the framework of the Investment Policy Statement (IPS), approved by P&F, and advises P&F on the appointment of an Investment Manager (Manager) who is responsible for:

- *“ensuring that the Fund is managed in accordance with the requirements of [the] Statement and with all applicable legal and regulatory requirements and constraints;*
- *advising the Committee of any elements of the IPS that could prevent the attainment of the Fund's objectives;*
- *explaining the risks, potential rewards and other characteristics of any proposed new class of investments, and how it may assist in achieving the Fund's objectives; and,*
- *reporting to and meeting with the Committee as set out in Section 2.5 of the IPS.*

*The Investment Manager's role is to manage the assets of the Fund, directly and/or through the use of portfolio sub-managers with expertise in specific asset classes (e.g., global equities) appointed by the Manager to achieve the Fund's investment objectives. Notwithstanding any discretionary powers that the Manager may have, he/she may choose to consult with and make recommendations to the Committee before exercising such powers.*

*Sub-managers have authority to manage portfolios assigned to them in accordance with the mandates given to them by the Manager.”*

These Guidelines provide a framework to assess the investment manager's ability to meet its objectives and responsibilities through both qualitative and quantitative performance measures. There are two distinct aspects of this assessment: the ongoing monitoring of the investment manager relative to the expectations outlined in the IPS (Part Two), and a more comprehensive review every 5 years (or sooner as required) which could potentially trigger a recommendation to enter into a formal search process for a new investment manager.

## **1. Quarterly Review**

### **Context**

The Investment Manager provides regular quarterly quantitative reporting of the Diocese's financial portfolio including:

- an itemization of all categories of financial holdings; and,
- financial performance of the above, against pre-determined benchmarks, including a total breakdown of fees.

The Manager's written report provides the current and historic performance of the portfolio along with estimated financial projections. The accompanying narrative explains the numerical and tabular information and important changes in monetary and/or fiscal outlook, and ESG modeling. At each quarterly meeting, the Manager runs through the report with verbal commentary and responds to questions from the Committee.

### **Action**

Include in the Investment Sub-Committee's agenda 10-15 minutes to survey members about the Manager's performance, including, but not limited to:

- Is the Manager responsive to questions, and do they provide satisfactory answers?
- Are there any concerns?
- Are there areas of improvement?
- Are ESG considerations fully implemented?
- Has the Manager suggested new approaches?

## **2. Annual Review**

On an annual basis, a member of the Committee will produce a summary document of the previous quarterly reports (extracted from the minutes). This summary document will form the basis of a discussion at the next Committee meeting. Each committee member will participate in an overall assessment of the Manager's performance and the degree of satisfaction with the Manager's ESG screening processes. The final summary document will incorporate the record of this discussion.

## **3. Comprehensive Review Every 5 Years** (or sooner if there are glaring issues with the Manager's performance)

Every 5 years, the Committee will conduct a comprehensive review in order to determine whether the Sub-Committee recommends to P&F a competitive search for a new investment manager, or retention of the existing investment manager.

This comprehensive 5-year review would take into account:

- an overall summary of the on-going annual reviews;
- an assessment of the Manager's working relationships with the Investment Sub-Committee;
- a self-evaluation by the Manager against the criteria to be measured (extracted from the Diocesan IPS (Part Two - Investment Objectives) and against the ESG criteria listed in this Appendix 1); and,
- consideration of the Manager's cultural, philosophical and service provisions to ensure they align with the Committee's mandate and the Diocese of Ottawa's fiduciary and ethical expectations.

## **APPENDIX 7**

### **AUTHORIZATION TO TRANSFER SECURITIES**



# AUTHORIZATION TO TRANSFER SECURITIES

## ELECTRONIC TRANSFER OF SECURITIES FOR CHARITABLE PURPOSES

PLEASE PRINT.

**Transfer from:**

Account #: \_\_\_\_\_  
 Account Name: \_\_\_\_\_  
 Donor's Name: \_\_\_\_\_  
 Donor's Broker's Name: \_\_\_\_\_  
 Donor's Broker's Company: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Phone Number (\_\_\_\_) \_\_\_\_\_  
 Fax: (\_\_\_\_) \_\_\_\_\_

**Security:**

Number of Shares: \_\_\_\_\_  
 Name of Security: \_\_\_\_\_  
 CUSIP #: \_\_\_\_\_

**Transfer To:**

RBC DOMINION SECURITIES CUID: DOMA  
 DTC: 5002 EUROCLEAR # 90065  
 Dealer # 9190 Rep Number: 1CZ  
 The Incorporated Synod of the Diocese of Ottawa Trust Fund  
 (Non Disc.) account #463-07032-15  
 Contact: Todd Armstrong Phone: (613) 239-3837

**For the Benefit of:**

\_\_\_\_\_  
 (Name of Parish, Community Ministry, Project, etc. for which donation is being made)

I authorize my broker to arrange for the above-noted transfer of shares as expeditiously as possible and to contact the Diocese's agent, if necessary, for the purpose of concluding this transaction. Please call me if you have any questions

Donor's Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Phone Number: (\_\_\_\_) \_\_\_\_\_

## How to Authorize and Transfer Your Securities

### 3 Easy Steps

1. Complete ALL SECTIONS of this form.
2. Provide a copy of completed form to EACH of the following:
  - a. Your (Donor's) Broker  
**AND:**
  - b. Your Parish **OR** Anglican Community Ministry  
**AND a copy to:**
  - c. Anglican Diocese of Ottawa (ADO) by email to: [giving@ottawa.anglican.ca](mailto:giving@ottawa.anglican.ca)
  - d. Retain a copy for your records.
3. Once transfer / sale is completed a charitable tax receipt will be issued to you (from your parish, Anglican Community Ministry, or project).

**Note:** Due to fees and market fluctuations, the amount we transfer will likely differ slightly from the full market value that was assessed when the securities were first transferred.

### DONOR TO PROVIDE COPIES TO:

1. Donor's Broker
2. Parish or other Anglican Diocese of Ottawa Ministry or Project
3. Ascension House (Anglican Diocese of Ottawa) [giving@ottawa.anglican.ca](mailto:giving@ottawa.anglican.ca)
4. Donor (donor to retain a copy)

[ottawa.anglican.ca/Donate](http://ottawa.anglican.ca/Donate)