

The BC Conference of Mennonite Brethren Churches

Guidelines for Finance Boards / Treasurer / Bookkeepers

A. Offerings

1. All offerings should be counted at the time they are collected by a minimum of two duly appointed persons. Neither of these persons should be the same one that enters the transactions for receipting
2. Each church Board should establish its own policy as to who the duly appointed persons might be, however it is advised that the Pastor or any member of his family not be involved in counting the offering. It is advisable that at least one of the duly appointed persons be a current member of the Finance Board/Committee in your church.
3. After the offering is counted and the bank deposit is completed, both counters must sign the deposit slip. A duplicate record is to be kept for the bookkeeper.
4. It is advisable to use an offering envelope system for record the contributions that will receive a donation receipt. These envelopes are to be stored in a safe location for a minimum of 2 years after the year to which they apply.
5. The recording and balancing of the offering to the receipts paperwork is to be kept for 2 years after the year to which they apply as well. These documents need to be available for the annual audit.
6. All funds for every ministry of the church be recorded in one bank account and one set of books. There should not be any separate or side accounts operated by individual committees or ministries. The Income Tax Act requires each charity to have a single set of financial statements and records only. If this becomes impossible for you, then those side accounts must prepare an accounting statement at the end of each fiscal year and that statement is to be added to the report that goes to the church membership at the annual meeting. If you have an auditor, they need to see that statement as well.

B. Donations

1. **The Church holds all its resources, including all gifts and other income, in trust for its charitable purposes. The charitable purpose is to promote the church's mission and to advance the gospel, both locally and globally. Your charitable purposes are listed in your bylaws and you cannot operate outside of those even if an activity is charitable in itself.**
2. A gift, according to CCRA (Canada Customs and Revenue Agency) definition, is a voluntary transfer of property (cash/cheque) without valuable consideration. This transfer is to be made without expectations of return or benefit.
3. Fair market value has a generally accepted meaning of being the highest price, expressed in a dollar amount that property would bring, in an open and unrestricted market, between a willing buyer and a willing seller who are knowledgeable, informed and prudent and who are acting independently of each other.
4. **Guidelines for receipting:**
 - 4.1. **Fund-raising dinners:** You can receipt the difference *after* the price of the dinner (as you would pay a caterer, not your church costs) has been subtracted. This is called a split receipt (special format). It is advisable to separate your dinner ticket costs and your fundraising asks. The dinner tickets are NOT receiptable and that way the full fundraised amount CAN be receipted.

The BC Conference of Mennonite Brethren Churches

- 4.2. **A volunteer-recognition dinner** can either be paid out of the general charitable funds or donations to cover the costs can be receipted. Even though it is a form of remuneration, it is consumed on site.
- 4.3. Same conditions apply to an **annual meeting dinner** because the purpose of the dinner is ministry.
- 4.4. **Benevolence funds (Deacons Funds)** can be receipted as long as they are not donor directed. The committee can announce a project and people can contribute to the project. One person cannot use the benevolent fund to pass money anonymously to another person using the church as a conduit. The church needs to appoint a committee to administer the funds received based on need. The needs cannot be exclusive to church members. It *could* be restricted to church *adherents* provided the church was open for all members of the community to attend without discrimination.
- 4.5 **Missions projects** are a ministry of the local church. If you have a group of participants doing a missions project, even if it's in another county, the funds collected to cover the costs of the mission's trip are receiptable. The conditions are that one person cannot get more "credit" than another. All donations go into the fund and are spent according to the needs of all participants jointly. Funds can be paid to a mission agency in another county if your church group is *actually* doing the work on the project. You can pay for materials and accommodations in another country with tax receipted funds. A choir or drama group going on a tour is considered part of the churches ministry and those fees and funds collected are receiptable as long as all the expenses are also paid through the church books. You cannot send receipted money through your church books to a ministry or an agency in another country if your church people are not doing the work. You cannot forward designated gifts for missions in another country if your church is not physically involved in the project or its not done through one of our Canadian Ministries such as MB Missions or MCC. This is especially important to regulate when there are natural disasters in the world and we want to help.
- 4.6. **Donation "In kind"** are instances where a donor gives something of value to the church, such as books for a library, a computer for the office or chairs for a meeting room, etc. The invoices or bill of sale must be attached. It is recommended by CCRA that "In kind" donations be receipted separate from cash. These receipts need to include the day the gift was received, a description of the gift and the name and address of the appraiser (if it was appraised)(in the case of art or land etc.) It is highly important to document how you arrived at the fair market value (FMV).
- 4.7. **Golf tournaments** can be receipted after the regular price of the green fee is deducted. However, if you advertise that you can "earn" a gift (prize) by getting a "hole-in-one" then the total amount is no longer receiptable because the player is getting value or return (the chance to win)
- 4.8. **Scholarships and bursaries** can be awarded as long as the church has determined in the minutes that helping students to further their Bible training is a charitable purpose and if the awards are not restricted to members only, then the donations are receipted.. The donor cannot specify who received the gift, it only goes into a fund and the elected/appointed scholarship committee makes the selection and award according to criteria laid out in a policy. You can restrict the awards to people that attend your church or have a connection as you defined; just not that membership alone gives them the privilege.

The BC Conference of Mennonite Brethren Churches

- 4.9. **Auctions for fundraising** can be receipted if you receipt for “fair market value” at the time the gift is made. The item then belongs to the charity for entering at the auction. You cannot issue receipts to individuals who purchase items at an auction, even if a bid is in excess of the fair market value of the item bought.

5. Issuing Tax receipts:

5.1. The receipt must be in the name of the person who gave the donation, never on behalf of anyone. It must match the name/names on the cheque.

5.2. The receipt must contain the following information:

- The name of the donor must include the middle initial
- Statement that it is “an official receipt for income tax purposes”
- Name and address of your organization as recorded by CCRA
- Charity number (business number) assigned by CCRA
- The serial number of the receipt
- Place or locality where receipt was issued
- The year the cash/cheque was received
- Signature of authorized individual with printed name and title below.
- Be prepared in duplicate
- Duplicate copy to be kept for 7 years.

5.3. Lost or spoiled receipts:

- If a receipt is lost, issue a new one and identify that it cancels and replaces the lost one.
- Identify both the new and the old serial number
- DO NOT photocopy the originally issued duplicate copy
- Spoiled receipts should be marked on all copies as cancelled and kept with the books and records
- Then issue a completely new receipt with a new serial number

C. Disbursements

1. Cheques only policy: For the safety of the Treasurer, the Church Board should go on record to clarify which disbursements the Treasurer or Bookkeeper is authorized to make without the specific Board authorization. These items would include amounts approved in the budget such as payroll, utilities, office expenses, designated gifts (in and out) and levies.
2. Petty cash should only be used for minimum value expenses. Receipts to account for the funds should be retained and used to replenish the petty cash funds as necessary.
3. It is recommended that two duly appointed persons, generally from the Finance Board be the authorized signatures. The church can authorize several to sign with the stipulation that two signatures are required.
4. Records of all deposits and disbursements must be kept according to generally accepted accounting practices. They can be done in a simple format. All bills and invoices must be kept to substantiate disbursements. It is advisable that no reimbursement be made without corresponding receipts.
5. Out of pocket expenses (with corresponding receipts or mileage log) can be reimbursed without declaring that amount as income for all staff and Board members.

The BC Conference of Mennonite Brethren Churches

D. Reports:

1. Monthly reports for all accounts reconciled to the Bank statement shall be provided to the Pastor and the Church Board by the Treasurer/Bookkeeper.
2. Annual Financial statements, audited or un-audited, shall be prepared for publication at the Annual Congregational Business Meeting.
3. The church Treasurer/Bookkeeper is asked to forward a copy of the annual financial statements to the BC Conference Administrator following their acceptance at the Annual Business Meeting.
4. Annual GST rebates (half of GST paid- receipts to substantiate) must be applied for to CCRA
5. Annual Charities Return (T3010 is required to be completed and submitted within six months of the close of the church's fiscal year. *Failure to do this may result in revocation of the Charities Registration for purposes of Income Tax Receipting*
6. Worker's Compensation Board (BC) registration is required. All churches are now required to register and submit a quarterly payment on behalf of all employees. This is not an employee deduction. WCB will bill the church, based on the total payroll.
Contact: WCB at P.O. Box 5350, Vancouver, BC V6B 5L5 or by calling 1-604-273-2266

E. Board Members Responsibilities

1. The Board structure and governance model should be described in your church bylaws. These bylaws should include a clause that authorizes Board members and officers to be indemnified against actions permitted by charity law. This is in addition to the insurance coverage negotiated by the BC Conference for directors and officers.
2. Board members of leadership teams have fiduciary responsibilities as well as trustee responsibilities. Common-law responsibilities are based on common sense and implementing these suggested policies will help to protect Board members from liability.
3. The Board must be aware that actions it has delegated to a committee remain the Board's responsibility as a whole.
4. Board members have powers only when they act at Board meetings. Other than at official Board meetings, governing board members, including the chairperson have no powers, except those specifically assigned by Board resolution.
5. Specific duties imposed on Board members of a charity include:
 - 5.1. Every Board member must act with honesty, in good faith and in the organization's best interest. This includes sharing with all Board members any knowledge of illegal or improper volunteer or employee actions. Failure to do so could result in the Board member being held personally liable should such acts result in material loss to the church.
 - 5.2. The requirement to act with diligence and prudence means the Board members must keep themselves informed about the organization's policies, activities and affairs.
 - 5.3. A Board member who is an expert in any field must use that knowledge to benefit the organization. Common law does not make Board members liable for honest mistakes, or to go beyond the limits of their own knowledge and ability.

The BC Conference of Mennonite Brethren Churches

- 5.4. Avoid the “follow the leader” syndrome where the church sets a policy to act in a certain way just because another charity has done so and seemingly “got away with it”. You must investigate the facts, policies and law for yourself or rely only on a very trusted source. This is particularly prudent when dealing with donated funds.
- 5.5. Failure to attend Board meetings on a fairly regular basis might make that member liable for decisions made in their absence and about which they had little or no knowledge, as this could be demonstrated as a lack of diligence.
- 5.6. Board members who were present at a Board meeting are considered to have agreed with any resolution passed or action taken. The only exception is when they have their negative vote recorded in the meeting’s minutes. If a Board member is not present at the meeting and disagrees with the vote or action, they can have their disagreement registered in writing as soon as they become aware of the decision or action.
- 5.7. Board members should ensure that they receive regular, detailed reports about the church’s activities as carried out by the Pastor/s and staff. When the Board receives those reports, it should make sure they evaluate those reports to make sure they comply with the Board’s policies and all legal and fiduciary requirements.
- 5.8. The Board should have a conflict of interest policy that covers both real and perceived conflict of interest for all Board and committee members as well as staff.
- 5.9. Board Members might be held liable to third parties for misrepresenting their authority or acting outside the scope of their authority. This applies to current Board members as well as past members.