

Notes for Completing the Parish Financial Return (2022)

Please complete both sides of the Annual Financial Return. Send a completed copy to Huron Church House **by February 28, 2023**, keeping one copy for your files and uploading a copy to the Secure Diocesan Portal at <https://portal.diohuron.org/year-end-documents/>. **This form is also available on our website at www.diohuron.org under Resources, Finance/Admin toolbox, under 2022 Year End Forms & Documents.** The 2022 Financial Return is used to determine the 2024 apportionment of our diocesan budget for your congregation and it also provides annual statistics for the diocese and our National Church. See Canon 28 for more detail.

SIDE ONE – REVENUES (Receipts/Income/Incoming money)

Operating Revenue R3

Report all incoming funds received to cover the actual cost of operating the church, its ministries and ongoing costs related to buildings. Revenue for operating expenses is typically consumed in the year for ongoing operations and will include interest earned that is received from trusts or estates to cover operating expenses in the year. Operating Revenue differs from capital income, which represents income received for major physical property changes or capital bequests/trusts received that are for long-term investment and not to pay for annual church operations.

Capital Income R4

Report all incoming funds received through the acquisition of capital for the purposes of investment or capital construction projects. Some examples would be gifts/bequests of capital, fundraising or donations or loans or grants from the diocese and/or external for capital purposes and construction. Such could include building renovations, roof replacement or heating/cooling systems, etc. Interest earned on capital investment that is added back to capital is to be included. Please also record proceeds from sale of Parish-owned property.

Other Income R5

If you have income which does not fit either category, (either non-operating or non-capital) please insert your dollars in the “other income” line with an explanation.

Total Revenue R6=R3+R4+R5 (Operating revenue + capital income + other income)

Surplus occurs when annual revenues exceed expenditures. S

Please note: HST&PST/GST rebates should be recorded to reduce operating expenditures, if the taxes relate to operating expenses, not as revenues (see E1/B, line xiii).

Outstanding Capital Indebtedness

Record all outstanding debts related to Capital (Building, Property and Equipment).

Operating Expenses Paid Directly by Source(s) Other than Church

Report operating expenses that might have been paid by individuals or groups outside of the church’s operating records in order to report all true costs of church operations.

SIDE TWO – EXPENSES

Operating Expenses E1

Report all outgoing expenses of operating and maintaining the church and its ministries and regular, ongoing expenses related to buildings. Typically, operating expenses are regular, annual, ongoing costs of operation. They contrast with capital expenses which represent acquisition or physical upgrades to property which extend the property's useful life and may not be regular and occurring.

Stipend, Travel, Benefits and Allowances (excluding cash housing allowance) including Pension Assessment E1/A

Report all payroll related expenses for all clergy and lay employees including stipend/salary, pension assessments, statutory deductions (CPP, EI, EHT if applicable), travel allowance, moving expenses, long-term disability and continuing education expenses.

(Note: report Cash Housing Allowance in section E1/B, line "i")

Assistant Curates E1/A (b)

The apportionment deduction under Canon 28, section 3 (c) (iii) states that: "100% of the stipend, travel and other costs of one or more **licensed "Assistant Curates" for the first two years of their ministry and summer internships**" as reported on the 2022 financial return is deductible for apportionment calculation purposes for 2024.

Assistant Curates are determined and licensed by the Bishop.

Cash Housing, Building (including rectory) and Ministry-related Costs E1/B (i)

Rent paid on buildings for church ministry or for rectory, including cash housing allowance paid to a priest, allow for a 50% reduction of cost against operating expense towards the basis of apportionment. Canon 28, section 3 (c) (i) states "50% of money expended upon rental of buildings for Church or other parochial purposes including rectory" can be deducted. Also, the June 7, 1991 Executive Committee minutes state "The committee recommends that confirmation by the Executive Committee be given of the interpretation of Canon 28, 3 (c) (i) to include that cash house allowances constitute rent for the purposes of this Canon."

You can report other building and ministry-related costs separately on each line-item or grouped together under the subtotal (B) line, if you wish.

Deductions from Building and Ministry-Related Expenses E1/B (xiii, xiv, xv)

Record HST & GST/PST rebates as credit against operating expenses (line B/xiii).

Also, deduct amounts recovered from other individuals, churches or organizations for costs which you would not have otherwise incurred, i.e. co-operative ventures. For example, if a church is advertising for three churches and paying for the whole invoice, amounts recovered from the other two should be recorded here. Do **not** deduct "rental" revenue or donations from other groups in this line (see revenue "R2 (c) donations for use of church facilities).

Deduct recoveries from other points in multi-point parishes for payroll-related E1/A(g) and operating expenses E1/B(xv) included in the detailed costs above.

*** Report here

Operating expenses paid outside of the church's books by individuals or groups (also reported on the revenue side)

Repairs E3

Expenses for repairs that are of a capital nature and not ongoing regular repairs and maintenance are to be reported here. For the purposes of Canon 28 (apportionment calculation) they are **not** items which occur every year, as part of normal operating maintenance of the Church and its facilities. Repairs are **unplanned** expenses that relate to building and equipment and they are usually significant dollars. Usual maintenance costs are operating expenses that are recurring and they are to be reported under E1/B (vi). Usual maintenance costs can involve repair-type items. They are considered relatively minor in dollars and would be normal, ongoing expenses that would be part of a maintenance program in a church.

For example:

- cleaning eaves troughs is MAINTENANCE
- fixing a small leak is a MAINTENANCE expense. (Not a major repair expense).
 - small leaks can be ongoing maintenance
- fixing a large leak in the roof or repairing plaster wall damages/(or other significant wall damage) is a REPAIR.
- replacing a significant portion of the roof is a CAPITAL REPAIR.

Consider the dollar amounts of the expenditure in defining where it should be reported (capital expenses and repairs (major) are larger \$ amounts). General repairs to the Church, Hall or Rectory are minor (\$\$) in nature and are part of normal ongoing maintenance costs of maintaining facilities. These are not to be excluded in a Church's apportionment calculation and they are to be included and reported in E1/B(vi) as a maintenance cost.

Capital Expenses E4

Capital expenses are not operating expenses and hence not apportionable. The purchase of new hymn books would be an operating expense. Some examples of capital expenses would be purchases of new organ, pews, stained glass windows; major repair projects of roofing, steeples, windows, heating, foundations; building projects of new parish hall, rectory, extensions or major renovations. Capital expenses are longer-term costs to upgrade long-lived assets and they generally provide benefits for greater life than one year for costs related to upgrading property, building and equipment.

Total Expenditures E7

Include operating expenses (payroll-related and building and ministry-related costs), repayment on Capital Loans, Repairs, Capital and Outreach.

Deficit occurs when annual expenditures exceed revenue. D

The figures on the far right of the page ONLY (Adjusted Operating Expense) are used to calculate the assessable base for apportionment, according to Canon 28.

COMPLETE BOTH SIDES OF FORM, PLEASE SIGN AND SUBMIT TO HURON CHURCH HOUSE FOLLOWING YOUR VESTRY MEETING BY FEBRUARY 28, 2023.
****It is recommended reviewing and signing this return following/during your vestry, for proper authorizations.****