

## **CANON 16**

### **BUDGET**

#### **1 Definitions**

- (1) "Budget" is the total amount required to be raised annually for the work of the Diocesan Synod.
- (2) "Allotment" is that proportion of parish income which each parish is required to share for the wider work of the Church, as determined under the provisions of this Canon.
- (3) "Basic Year" is that last calendar year for which statistics have been reported.
- (4) "Gross Receipts" is the receipts of a parish from all of the following sources:
  - (a) the amounts received by all congregations of the parishes from all sources, including amounts earned on all investments and principal sums expended.
  - (b) all amounts received by all parish organizations, after deducting the cost of raising such amounts.
- (5) "Assessable Income" is gross receipts less allowable exemptions.
- (6) "capital expenditure" means an expenditure made on new construction or major improvement or reconstruction, that is other than normal repairs, maintenance or replacement of a fixed asset, and that adds materially to the scope of or use of a building or facility and includes an expenditure that is defined by regulations of the Diocesan Council from time to time as a capital expenditure for the purposes of this Canon.
- (7) "memorial donation" means a donation or contribution made in memory of a particular person or group of persons and specified by the donor for the purchase of a specific memorial or directed by the donor to be paid to a specific memorial or endowment fund.

#### **2 Budget Sub-Committee**

- (1) The Budget Sub-Committee shall be a sub-committee of, and responsible to, the Administration and Finance Committee.
- (2) Membership of the Budget Sub-Committee
  - (a) Four members appointed by the Administration and Finance Committee from its membership.

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- (b) One member appointed by the Program Planning Committee from its membership.
- (c) Four members appointed by the Regional Deans from their membership.

Provided that if a person who has been appointed pursuant to this subsection ceases to be a Regional Dean, the person shall continue as a member until the earlier of the next meeting of Synod or the appointment of a successor by the Regional Deans.

- (d) Not more than two clerical and two lay members may be co-opted by the Budget Sub-Committee.
  - (e) The Director of Finance in an advisory capacity.
- (3) Election of Chairperson and Vice-Chairperson

The Chairperson and Vice-Chairperson shall be elected at the first meeting of the Sub-Committee after each annual meeting of Synod.

- (4) Quorum

A Quorum of the Sub-Committee shall be seven members present.

### **3 Responsibilities of the Budget Sub-Committee**

Unless otherwise determined by Administration and Finance Committee, the Budget Sub-Committee shall be responsible for

- (1) The review of annual parochial returns and all the financial statements of the parishes.
- (2) The provision of a standard financial return form to indicate the complete finances of the parish.
- (3) The securing of planned budget requirements for Diocesan Synod needs and responsibilities.
- (4) The adjusting and coordinating of all estimates in consultation with appropriate bodies.
- (5) The recommending of an allotment rate for the next calendar year.
- (6) The periodic review of the allotment rate with responsibility to recommend any change.

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- (7) The submission of a draft budget and a recommended allotment rate to the Administration and Finance Committee.
- (8) The study and interpretation of policy and the recommendation of policy change to the Administration and Finance Committee.
- (9) The approval of exemptions.
- (10) Such other duties as may be assigned to it by the Administration and Finance Committee.

### 4 Exemptions

- (1) Exemptions will be allowed as follows
  - (a) **Basic Exemption.** A basic exemption for each parish or pastoral unit will be determined each year by the Budget Sub-Committee in conference with the Parish Relations Committee applied automatically by the Diocesan Office.
  - (b) All flow-through funds collected or spent for assistance to the poor and needy, appeals as approved by the Diocesan Council, or collected for other organizations and agencies which will be transmitted outside the parish. Monies raised from fund raising activities by Parish Sponsored Youth Organizations (Scouts, Guides, J.A.'s, G.A.'s, C.B.L., etc.) and expended by these groups on their program activities will be treated as flow-through funds.
  - (c) Funds contributed or interest earned on funds contributed specifically to a Cemetery Fund which are placed in that fund. Capital or interests may not be withdrawn from Cemetery Funds for any purpose other than for cemetery maintenance or development (See Canon 39: I 0-12).
  - (d) Bequests that are placed in endowment funds. Capital and interest withdrawn for any purpose must be included in parish income for that year. Exemptions claimed must be in accordance with this Canon.
  - (e) Grants, including operating grants, government grants for non-operating activities or projects in the parish, and monies received from non-parish sources as compensation for damages to church property (e.g. insurance proceeds).
  - (f) Income from fund-raising events, hall rentals and similar income generating activities is reported as the net income for each event the cost of earning such income is exempt.
  - (g) All amounts in excess of \$5000 paid as a housing allowance.

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- (2) Subject to subsection (2A), the Parish Relations Committee may reduce the assessable income of a parish for any year by an amount equal to a capital expenditure made during that year or a memorial donation made during that year if the purchase of the memorial is made during that year or the memorial donation is paid into the memorial endowment fund during that year.
- (2A) The Parish Relations Committee may not make a reduction pursuant to subsection (2) provided it has received a written request, justified in accordance with documentation requirements in sub-section 4(4) of this Canon.
- (3) Exemption through allotment appeal. Any income received for a special purpose as a result of any special appeal or donation or transfer from capital, or expenditure made for a special purpose, which amounts to more than 10% of the assessable income of a parish or pastoral unit for the previous year and which is not a regular or annual occurrence, provides grounds for a Appeal to the Parish Relations Committee, as specified in paragraph 8(4) of this Canon, to reduce the assessable income on which allotment is based.
- (4) Documentation required. Parish Returns in which exemptions are claimed as outlined in clauses 1(d) and 1(e) above shall include appropriate documentation to substantiate the exemption. Requests for exemption under paragraphs (2) and (3) above must be made in writing to the Parish Relations Committee, not later than 60 days after the date the parish council approves the project or the purchase of the item, and must include adequate documentation to enable the Parish Relations Committee to determine that the request is consistent with the criteria for these exemptions.

### **5 Expenses or Income Which are Not Exempt**

In accordance with Diocesan Policy, no exemptions shall be approved for any donations, gifts or income from any source (including interest or other income accruing from any endowment, investment or other fund or bequest), or for any memorials, expenditures, moving expenses, repairs or renovations, except as specified in paragraph 4 above.

### **6 Budget Preparation and Allotment Rate**

- (1) The allotment rate for the Budget for the next year shall be computed as the percentage that the amount to be raised (the net budget) is of the Assessable Income of all parishes for the previous year.
- (2) In the construction of the annual budget, the Budget Sub-Committee should take full account of all factors that may affect

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- (a) the income of the Diocese
- (b) the working capital requirements of the Diocese
- (3) Any surplus of any year, shall be included in the revenues of the budget of the succeeding, or next succeeding, year by the Budget Sub-Committee, having due regard for the working capital requirements of the Diocese.
- (4) The deficit of any year must be included in the budget of the succeeding, or next succeeding year.
- (5) Deficit financing is absolutely prohibited.
- (6) Surplus financing is absolutely prohibited, excepted in so far as the committee has included an amount demonstrably required to increase working funds, as in (2)b above.
- (7) If in any year, after the budget has been adopted, and the suggested rate approved by the Administration and Finance Committee and the Diocesan Council, and after the parishes have been notified of the rate for the budget year, the audited financial statements presented to the Administration and Finance Committee show a substantial surplus for the preceding year, then the Administration and Finance Committee shall be empowered to advise the Diocesan Council that it recommends a certain reduction in the rate of the current year, taking into account the basis of calculating the rate in section 1 above.
- (8) If at any time during the year it appears that expenditures should be made which are in excess of that provided in the budget, notification shall be made as soon as possible to the Administration and Finance Committee, so that it can decide and advise.
- (9) Once the Budget Sub-Committee has determined the rate for any year in accordance with this Canon no senior committee, except as specified in Canon Law, should subsequently alter the rate except as permitted under this Canon, unless it is in receipt of certain knowledge not known at the time the rate was set; in which case, in varying the rate, it should follow the procedures laid down in this Canon for the Budget Sub-Committee in initially setting the rate.

### **7 Annual Parochial Returns**

- (1) On or before the 31st of March of each year, unless required earlier by some regulation of Synod or Committee of Synod, every parish of the Diocese shall furnish an audited financial report for the previous year, ending the 31st of December, reporting Gross Receipts and Assessable Income as defined in Section 1, sub-section 4 and 5.

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- (2) The information required by the foregoing sub-section shall be furnished by the parish officers on a form supplied by the Budget Sub-Committee.
- (3) The Budget Sub-Committee may call for any further information deemed necessary.
- (4) The Budget Sub-Committee, with the approval of the Administration and Finance Committee shall have the right to examine the records and accounts of any parish, any congregation or organization of a parish.

### **8 Payment**

- (1) On the adoption of the Budget for the next year by the Diocesan Council, the allotment rate for the next year shall become effective and binding on all parishes.
- (2) The allotment rate for the next year shall be applied to the Assessable Income of the parish for the previous year. The allotment amount so determined shall be remitted to the Synod in twelve equal monthly payments in the next year.
- (3) Any amount of allotment unpaid at the end of any year shall be considered as debt outstanding and shall be payable in full to the Synod on such terms and conditions as may be negotiated between the delinquent parish and the Synod.
- (4) A parish which would suffer undue hardship in paying its allotment amount may appeal to the Parish Relations Sub-Committee in accordance with guidelines established by the Administration and Finance Committee. The Parish Relations Sub-Committee shall have the power to adjust the amount of the allotment or to adjust the payment schedule.

### **9 Other**

- (1) No special appeals for funds outside a parish shall be made without the consent of the Diocesan Council with the concurrence of the Bishop.
- (2) Note the "Budget" does not include pension assessments and Development allocations.