

#13 BUDGET

Moved by: The Reverend Matthew Sponagle

Seconder: The Reverend Arran Thorpe

A resolution to amend Canon 16: Budget, addressing the definition of a Parish and allotment in the year of, prior to, or after amalgamation.

Resolved that Canon 16: Budget be amended by adding the sections that are underlined as set out below.
(Sections 1 (8) and (9), Section 4: 1 (d) and (f), Section 9 (a) and (b), and Section 10.)

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 of a fixed asset, and that adds materially to the scope of or use of a facility and includes expenditures 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.
- (8) “Parish” includes, for the purpose of this Canon, the Cathedral Church of All Saints.
- (9) “Parish Organizations” include any entity created to pay, or assist in paying, a parish’s standard operating expenses.

2. Budget Task Group

- (1) The Budget Task Group shall be a sub-committee of, and responsible to, the Financial Management and Development VSST.
- (2) Membership of the Budget Task Group:
 - a) Two members appointed by the Financial Management and Development VSST from its membership;
 - b) Two 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;
 - c) Not more than two clerical and two lay members may be co-opted by the Budget Sub-Committee;
 - d) Appointed under 2(a), 2(b) and 2(c) for a three-year term and may serve two terms.
- (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 a majority of its members.
- (5) The Diocesan Controller shall attend all meetings of the Budget Task Group in an advisory capacity, without the right to vote.

3. Responsibilities of the Budget Task Group

- (1) Unless otherwise determined by the Financial Management and Development VSST, the Budget Task Group shall be responsible for:
- (2) The review of annual parochial returns and all the financial statements of the parishes;
- (3) The provision of a standard financial return form to indicate the complete finances of the parish;
- (4) The securing of planned budget requirements for Diocesan Synod needs and Responsibilities;
- (5) The adjusting and coordinating of all estimates in consultation with appropriate bodies;
- (6) The periodic review of the allotment rate with responsibility to recommend any change;
- (7) The submission of a draft budget, with a suggested allotment rate as one of the key components, to the Financial Management and Development VSST;
- (8) The study and interpretation of policy and the recommendation of policy change to the Financial Management and Development VSST;
- (9) Such other duties as may be assigned to it by the Financial Management and Development VSST.

4. Exemptions

(1) Exemptions will be allowed as follows:

- a) Basic Exemption. A basic exemption for each parish will be determined each year by the Budget Task Group in conference with the Parish Relations Task Group 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 and proceeds from the sale of land and buildings 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, but cannot exceed the income earned from each activity;
- g) All amounts in excess of \$5000 paid as a housing allowance; in addition with regard to any Parish which owns its own rectory where the Parish rector resides, and provided the said Parish does not pay a housing allowance, any costs which exceed \$5,000 annually incurred by the Parish related to the occupancy of the Parish rectory including but not limited to taxes, insurance, utilities, telephone services, and maintenance, shall also be exempt;
- h) All other exemptions outlined in the parochial return or described in the proposal attached hereto, including missional exemptions, building repair and maintenance exemption and capital expenditures exemption, as approved after the 2019 Synod by Diocesan Council prior to and with effect only until the next regular meeting of Synod, it being agreed that any changes to exemptions approved by Diocesan Council hereunder must be approved by resolution of the next regular meeting of Synod in order for such changes to remain in effect, except that the regular janitorial services and associated materials are outside maintenance such as plowing, grass cutting and related activities are not exempt. "Missional exemptions" means the portion of clergy stipends specified in the parochial return and any other expenses incurred for the purpose of caring out any of the Five Marks of Mission as described in the proposal.
- i) All clergy travel reimbursement by a Parish in a previous year in excess of 5% of the total operating results for that year.

- j) That the first \$1,000.00 of expenditures relating to all funds spent on Christian Education – Children’s Programs (e.g. Sunday School, Vacation Bible School, Messy Church), Youth Programs, Servers Guilds and Adult Programs, including funds spent for curriculum materials, social events and supplies, incurred by any parish shall be exempt from allotment.
- (2) Memorial Donations: The Parish Relations Task Group of the Healthy Parishes VSST may reduce the assessable income of a Parish for any year by an amount equal to a Memorial Donation or expenditure from a memorial investment pursuant to Clause 4(1)(d) of this Canon.
- (3) Exemption through allotment appeal. Any income received for a special purpose that amounts to more than 10% of the assessable income of a parish for the previous year and that is not a regular or annual occurrence, provides grounds for an Appeal to the Parish Relations Task Group, as specified in paragraph 8(4) of this Canon, to reduce the assessable income on which allotment is based.
- (4) Any exemption claimed in the Parochial Return shall include receipts or other appropriate documentation, to enable the Parish Relations Task Group to determine that the request is consistent with the criteria for these exemptions.

5. Expenses or Income Which are Not Exempt

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 Task Group should take full account of all factors that may affect
- (3) the income of the Diocese; and
- (4) the working capital requirements of the Diocese.
- (5) Deficit financing is absolutely prohibited.
- (6) The Financial Management and Development VSST shall present the proposed Budget and allotment rate to Diocesan Council, which shall approve the allotment rate and the budget with or without amendments.
- (7) 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.
- (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 Financial Management and Development VSST, so that it can advise and make recommendations to Diocesan Council.
- (9) Once the Diocesan Council has approved the rate for any year in accordance with this Canon, Diocesan Council, unless it is in receipt of certain knowledge not known at the time the rate was set,

shall not alter the rate except in accordance with the procedures laid down in this Canon for initially setting the rate.

7. Annual Parochial Return

- (1) On or before the 31st of March of each year, unless required earlier by some regulation of Synod or a Committee of Synod, every parish of the Diocese shall furnish a financial report reviewed in accordance with Canon 37(10) 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.
- (2) The information required by the foregoing sub-section shall be furnished by the parish officers on a form supplied by the Budget Task Group.
- (3) The Budget Task Group may call for any further information deemed necessary.
- (4) The Budget Task Group, with the approval of the Financial Management and Development VSST shall have the right to examine the records and accounts of any parish, any congregation or organization of a parish.

8. Payment

- (1) The allotment rate for the next year shall become effective and binding on all parishes on the adoption of the Budget for the next year by the Diocesan Council.
- (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 Financial Management and Development VSST. The Parish Relations Sub-Committee shall have the power to adjust the amount of the allotment or to adjust the payment schedule.

9. Allotment in the year of, prior to, or after amalgamation.

- a) The proceeds from the sale of buildings and/or land in the year of, prior to, or after amalgamation, will be subject to allotment for that year, subject to an exemption for funds transferred to the Consolidated Trust Fund (CTF) or a parish within the diocese.
- b) Proceeds collected by way of allotment in year 1 from the application of this paragraph will be disbursed to each Diocesan parish in year 2 based on that parish's share of the total Diocesan allotment for year 1.

9.10. Other

No special appeals for funds outside a parish shall be made without the consent of the Diocesan Council with the concurrence of the Bishop.

Commentary

Section 1 (8): Canon 39 excludes the Cathedral Church of All Saints from the definition of a Parish. This addition clarifies that the Cathedral Church of All Saints participates in the allotment system. While the Parish of St. Peter's Cathedral and Georgetown enjoy some of the privileges of a Cathedral, they also meet the standard obligations of a Parish with regards to allotment.

Section 1 (9): At least two parishes have created separate charities and encourage parishioners to redirect their offerings to these charities in lieu of the parish. The charities pay church expenses from this income. This structure reduces the parish's offerings for the purpose of calculating the allotment. The intention of this amendment is not to curtail the work of parishes supporting the expenses of an historic structure but to inhibit deferring regular operating costs to an external organization or fund.

Section 4: 1 (d): This amendment is in accordance with the long-standing administrative practice of exempting the proceeds from the sale of land and buildings.

Section 4: 1 (f): This amendment clarifies that a parish cannot report a net loss from a fundraising event or hall rental. Losses from fundraising or rentals are incurred as part of outreach efforts. Qualified outreach costs can be included in the maximum \$3,000 for missional activities.

Section 9: Proceeds from the sale of land and buildings are excluded by the allotment formula in the year of amalgamation.

This addition creates an allotment on the proceeds of sale that are disbursed to organizations outside the diocese.

All parishes will benefit from the special allotment. For example: If a parish gifts \$500,000 outside the diocese, the special allotment will be \$100,500. The rebate to parishes will amount to approximately 5% of their allotment.

Section 10: This is the result of renumbering.