

**Trinity Bible Church  
Financial Policies, Procedures and Reports**

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## **Executive Summary**

### [Record Management](#)

The record management policy covers document retention, current and archived files and document destruction. This policy will conform to the applicable CRA guidelines to ensure Trinity is compliant with existing federal, and where necessary, provincial regulations. As a rule, Trinity will keep documents for six years after the taxation year for which the document relates. The policy will also cover letters received in Trinity for lawyers.

### [Financial Reports](#)

The policy outlines the type and frequency of financial reports. In general monthly reporting will help ensure Trinity is always aware of its financial situation and able to make informed decisions as to the use of funds. This will policy will include any requirements to reconcile Trinity's accounts.

### [Tax Receipts](#)

This policy will state what donations are receiptable and for what amounts a receipt will be issued. The policy will also state how receipts will be managed.

### [Donations](#)

This policy will state the types of donations that can be accepted in Trinity and how donations will be handled.

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### [Cheques](#)

This policy will cover how cheques will be issued within Trinity.

### Other Policies

[Gift Acceptance](#)

[Investment](#)

[Designated Funds](#)

[Cost Recovery](#)

### Budgeting

Trinity will prepare a budget that will be approved at the annual financial meeting in Nov. When necessary, revised budgets will be brought before the congregation.

## **Records Management**

As a general rule, all records must be retained in case the charity is ever audited by CRA. All books, records and related vouchers should be retained for a period of six calendar years after the year in which the record was originated. This is a requirement of the Income Tax Act.

It is no longer a requirement that offering envelopes be retained. Once offering information has been recorded, the envelopes may be destroyed.

According to CRA Regulation 5800, duplicate donation receipts issued by a registered charity need be kept for only two years from the end of the calendar year in which the receipts are issued. Receipts for donations of property to be held for a period of not less than 10 years are to be retained indefinitely. (A gift to set up a trust fund is an example of a donation of property that may need to be held for not less than 10 years.)

The following must be kept as long as the Trinity remains a registered charity and for two years after the registration is revoked:

- All records of any donations received by a registered charity that are subject to a direction by the donor that the property given be held by the charity for a period of not less than 10 years
- Minutes of meetings of the executive
- Minutes of meetings of the members
- All governing documents and bylaws
- General ledger
- Other records and books of account

No books or records should be destroyed prior to the expiration of the retention period without written permission from the Minister of National Revenue. Permission is obtained by applying to the Director, Taxation of the local District Taxation Office. The same clearance should be obtained from the provincial taxation authority.

Books and records may be destroyed at an earlier time than outlined if the Minister of National Revenue gives written permission for their disposal.

Information required in obtaining record retention exemptions:

1. A clear identification of books, records or other documents to be destroyed
2. The taxation years for which the request applies
3. Details of any special circumstances which would justify destruction of the books and records at an earlier time than that normally permitted

4. Any other pertinent information

Permission will not likely be granted to destroy permanent records such as minutes, bylaws and general ledgers. Additional information can be found in CRA Information Circular 78-10R4, Books and Records Retention/Destruction.

***Retain retired policies, such as insurance, permanently.***

**Table: Type of Record and Length of Retention**

While you should consult the provisions of the Income Tax Act, the following table gives an overview of the general requirements about the length of retention for certain types of records for registered charities (incorporated and not). Note: In some cases, for example if a charity is appealing a decision, the records may need to be held for a longer period of time than specified below.

Table 1 – Record and Length of Retention

Type of Record		Retention Period <sup>1</sup>
Records concerning gifts	Duplicates of receipts for donations (other than 10-year gifts to registered charities)	2 years from the end of the last calendar year to which the receipts relate (para. 5800(1)(f)) <sup>2</sup>
	All records concerning 10-year gifts	2 years after the date on which the registration of the charity is revoked (subpara. 5800(1)(d)(iv))
Records of meetings	Any record of the minutes of meetings of the directors / executive	2 years after the date on which the registration is revoked (subpara. 5800(1)(d)(i)) or, in the case of a corporation, 2 years after the day that the corporation is dissolved (subpara. 5800(1)(a)(c) )
	Any record of the minutes of meetings of the members	2 years after the date on which the registration is revoked (subpara. 5800(1)(d)(ii) )

<sup>1</sup> In all cases, where there are two possible dates, the later of the two dates applies.

<sup>2</sup> Income Tax Regulations. Unless otherwise noted all references are to the *Income Tax Regulations*.

Type of Record		Retention Period <sup>3</sup>
General Ledger	The general ledger or other book of final entry containing the summaries of the year-to-year transactions	2 years after the date on which the registration is revoked (para. 5800(1)(e)) or, in the case of a corporation, 2 years after the day that the corporation is dissolved (para. 5800(1)(a)(iv)) and, for the business of a person <sup>3</sup> , 6 years after the last day of the fiscal period of the person in which the business ceased (subpara. 5800(1)(c)(i))
	Any special contracts or agreements necessary to an understanding of the entries in the general ledger or other book of final entry	2 years after the date on which the registration is revoked (subpara. 5800(1)(e)), or, in the case of a corporation, 2 years after the day that the corporation is dissolved (subpara. 5800(1)(a)(v)) and, for the business of a person <sup>4</sup> , 6 years after the last day of the fiscal period of the person in which the business ceased (subpara. 5800(1)(c)(ii))
All documents and by-laws governing a registered charity	All documents and by-laws governing a registered charity	2 years after the date on which the registration is revoked (subpara. 5800(1)(d)(iii))

<sup>3</sup> In all cases, where there are two possible dates, the later of the two dates applies.

<sup>4</sup> Charities are considered persons. This refers to the general ledger and supporting documentation for a charity's business.

<b>Type of Record</b>		<b>Retention Period</b>
Other records and books of account	Books and records, together with the accounts and vouchers, containing the summaries of the year-to-year transactions of the charity	6 years from the end of the last taxation year to which they relate (ss. 230(2) and (4)) <sup>5</sup>
	For a revoked charity, records and books of account, other than those described in 5800(1)(d), and in respect of the vouchers and accounts necessary to verify the information in such records and books of account	2 years after the date on which the registration is revoked (para. 5800(1)(e))
	For a corporation that is dissolved, all records and books of account that are not described in 5800(1)(a) and in respect of the vouchers and account necessary to verify the information in such records and books of account	2 years after the day that the corporation is dissolved (para. 5800(1)(b))
Other (non-exhaustive list)	Financial statements Invoices/vouchers T3010As	6 years from the end of the last taxation year to which they relate or, if the charity is revoked, 2 years after revocation (ss. 230(2) and (4)) <sup>6</sup>

In Trinity, the following practices will be observed:

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<sup>5</sup> *Income Tax Act.*

<sup>6</sup> *Income Tax Act*

- Offering envelopes will be retained until 1 May of the year after that which the envelopes were collected
- All supporting documents such as invoices, tally sheets, tax receiptable donation sheets, requests for reimbursement, etc will be retained for 6 years from the end of the last taxation year to which they relate
- Records for the tax year will be filed together in a box or boxes that clearly label the year to which they refer. All files will clearly indicate the subject for which the file exists
- Files are not to contain multiple subjects
- Any documentation that is received from a lawyer engaged by Trinity will be deemed to be subject to solicitor client privilege. Such documents will only be viewed by the Board and individuals who the lawyer advises the Board may see the document. Distribution will be limited and managed via numbered copies that will be signed for as received by authorized individuals. No unauthorized photocopies are permitted

At the end of the six-year period for document retention, the tax year boxes will be vetted. Documents that are to be retained, will be filed in boxes by subject with each document being in a file containing the year for which it applies. Files are not to contain multiple years.

Files will be stored on Trinity property unless otherwise agreed to by the Board of Elders. In cases where working files, in particular electronic files, are retained at someone's residence, a current copy of the file is to be retained at Trinity.

### **Financial Reports**

In order to ensure transparency and proper stewardship in the handling of the funds that have been entrusted to Trinity, a series of reports are to be prepared for review as indicated in Table 2.

- **Reconciliation report** – shows cash on hand, outstanding deposits, outstanding cheques and ending balance once outstanding items have been accounted for
- **Budget to Actual report** – shows how much has been spent against each budget item

- **Year-end forecast report**– shows projected surplus or deficiency at year-end
- **Tax receipt update** – provides an update to each envelop holder of givings
- **Year-end reconciliation report** – Shows status of account at year-end and confirms all items in our books have been cleared
- **Total Income reconciliation report** – reconcile tally sheets, deposit books and bank statements. This ensures that what we say we received and deposited was credited to our account
- **Receiptable income reconciliation report** - reconcile total receiptable income from section 1 of the tally sheets with the total recorded by the envelop steward. This ensures that what we say we received as receiptable income was correctly recorded
- **Tax receipts to church income reconciliation report**– compares the total value of tax receipts to the total income of the church for the applicable tax year. The reconciliation report will ensure the total issued receipts is not more than the total income

Table 2 – Financial Report

	<b>Monthly</b>	<b>Quarterly</b>	<b>Annually</b>
Reconciliation Report	X		
Budget to Actual Expenditures Report	X	X	X
Year-end Forecast Report	X		
Tax Receipt Update		X	
Year-end Reconciliation Report			X
Tax Receipt to Church Income Report			X
Total Income Reconciliation	X		
Receiptable Income Reconciliation	X		

## **Tax Receipts**

This policy lays out the amounts for which a tax receipt will be issued and how records for receiptable donations will be managed.

Trinity will separate the function of financial management as carried out by the treasurer from the function of managing records for receiptable donations. The principal is to reduce the number of people who can match donations to individuals within the church.

Trinity will not issue tax receipts for donations of less than \$5.00.

Trinity will provide envelopes for people to use to donate money in order to receive a tax receipt. A register of envelopes is to be maintained that includes the name, address and phone number of each person who receives an envelop. These envelopes will constitute source documents for determining donations and can only be superseded by the donor producing a cancelled cheque.

Receiptable donations in the form of cheques that are received without an envelop require that cheque to be photocopied. That photocopy will then become the source document.

Tax receipts will not be issued for loose cash that is received in the collection plate.

When running special programs, loose cash donations may be subject to issuing of tax receipts providing the individual receiving the donation records the name, address and phone number of the donor at the time of the donation.

Envelops constitute that are received on Sunday are part of the church's financial records and will be stored at the church.

Duplicate tax receipts will be stored at the church in a sealed envelop. That envelop can only be opened for audit purposes or for special purposes as approved by the Chair of the Finance Committee.

### ***Gift Acceptance and Gifts in Kind.***

In general, Trinity will accept any unencumbered gifts. The general rule is that all gifts will be converted to cash as soon as possible.

Trinity will issue receipts for gifts in kind providing the item comes with a sales receipt showing the purchase price and the name, address and phone number of the purchaser. Sales receipts that cannot be matched to a specific donor will not be considered for tax receipts. If the item to be donated is used and there is no sales receipt, then the giver is responsible to provide an estimate of the item's value as determined by a recognized appraiser who is agreeable to both Trinity and the donor. In practice, Trinity will not normally issue tax receipts for used items that are donated to the church. CRA will not permit the issuing of receipts for gifts in kind for a service (including labour).

### **Financial Donations**

The normal time that Trinity will receive a financial donation is Sunday morning. At any other time a donation is received, that money will be held in the church in a secure location.

Donations will be counted by two people who shall both sign the tally sheet.

Arrangement for donations to be deposited are the responsibility of the treasurer. The treasurer will present to the church board a list of names of individuals who will be authorized to make deposits on behalf of TBCO. If any of these individuals are not available the deposit will be held in the safe in the office until an opportune time for the deposit to be made.

Trinity will accept donations using pre-authorized withdrawal.

### **Designated Funds**

Trinity will not normally accept donations which are designated. Designations can only be accepted into funds pre-approved by the Board of Elders.

Money that is designated to a non-approved fund will be returned to the individual and the donor will be given the option of removing the designation or retaining the donation.

The Board of Elders will make a final recommendation as to the dissolution of designated funds.

### **Issuing Cheques**

Trinity will not issue cheques to individuals unless it is:

- For reimbursement of expenses related to the operations and maintenance of the church and its ministries or for capital expenses
- For services performed where the individual provides an invoice, such as contract workers or cleaning staff

An individual requests reimbursement through a ministry requisition form that states the amount of the expense, the vendor, and is signed by the deacon responsible for that ministry. The deacon's signature is acknowledgement that the expense anticipated within that year's budget.

Notwithstanding the above the Board may authorize cheques to individuals to start a ministry where the above criteria cannot initially be met. In those cases, the individual must either provide a receipt, or demonstrate to the Board's satisfaction that the funds have been used as intended. Such a situation is deemed to be extra-ordinary and where repeated funds are collected for disbursement through a specific individual. That individual must be part of a recognized organization or must be starting such an organization

Trinity will advance funds to planned expenses when the person making the purchase provides a quote or estimate showing the purchase price. In such cases, Trinity will advance not more the 80% of the total quote or estimate.

## **Other Policies**

### ***Investment Policy***

Under development

### ***Cost Recovery***

Trinity has ministries that will operate on a cost recovery basis. Generally speaking "cost recovery" means that the ministry is charging a fee for an activity. Examples would be: father-son camping or VBS. The purpose of the fee is to enable the ministry to operate the activity in manner of minimal cost to the church. All fees collected shall be submitted to the tellers for inclusion in the general church revenue but are not considered eligible for issuance of charitable receipts. All costs associated with the ministry will be submitted and re-imbursed in the normal manner

### **Policy Revision**

The employment policy shall be reviewed annually by the Church Board. All amendments or revisions shall be done by the Church Board without requiring subsequent approval from the members of TBC.

Any subsequent amendments or revisions of this policy shall honour the original intent of the policy as ratified by the members of TBC.

There shall be date and version control of all subsequent documents to provide an audit trail of changes and revisions. This shall be maintained by the Church Board Secretary and shall be available upon request.

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