

Guidelines for Monthly Meeting Treasurers and Friends tasked with keeping financial records for their Monthly Meeting or Worship Group

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In giving advice to “the brethren in the north” the Elders of Balby said “these things we do not lay upon you as a rule or form to walk by.” The CYM Finance Committee recognizes that recommendations which may be viable for larger meetings may not be practical for smaller meetings and although the CYM Finance Committee would like to give these guidelines in the same spirit as the Elders of Balby, there are some things that Friends who look after the finances of their Meeting or Worship Group must do in order to preserve the charitable status and comply with the requirements of the Canada Revenue Agency to keep sound financial records of the activities of their Meetings. In doing this it should be remembered that the Monthly Meeting is ultimately responsible for its finances and for preserving its charitable status through oversight of the Treasurer’s work – with or without the assistance of a Monthly Meeting Finance Committee.

We have divided these guidelines into sections. **Basic Requirements** reflect generally accepted accounting principles and **MUST** be done to keep Meeting finances in order. The second section, **Best Practices** contains things that you **SHOULD** be doing in order to produce accurate and transparent information. **CRA Requirements**, consists of things that **MUST** be done to comply with the Canada Revenue Agency, and which are necessary to maintain Meeting charitable status.

Basic Requirements

1. Deposits of cash and/or cheques need to be made in a timely manner, as soon after they are received as possible.
2. Before deposit, cheques must be stamped “For deposit only to the credit of xxx Monthly Meeting.”
3. All cash received needs to be deposited in its entirety. No cash received should be used for paying expenses.
3. Deposit slips must be written in duplicate with one copy kept for the Meeting records which are to contain a complete list of all the cheques being deposited with the name of the cheque writer.
Deposits should be numbered sequentially. This can be done manually when you receive a new deposit book or loose deposit slips
4. All disbursements must be made by cheque. If the Meeting used petty cash, cheques need to be written to reimburse the petty cash against receipts that total to the amount of the petty

cash cheque.

5. Voided or spoiled cheques must be properly mutilated (signature portion removed) and retained.
6. Signing of blank cheques is prohibited.
7. Friends who sign cheques on behalf of the Meeting need to be familiar with the budget of the meeting and therefore in a good position to understand whether the cheques cover the expenses the Meeting has agreed to.
8. Supporting documentation must be kept for all transactions (e.g. minutes, cheque requisition forms, invoices etc). The person who signs the cheque needs to initial the supporting documentation to show that they have seen it.
9. The cheque number and date the cheque was written needs to be written on the supporting documentation at the time the cheque is written, and that documentation should be initialed indicating approval for payment.
10. There must be no cash withdrawals made from the bank accounts just via a withdrawal slip. Withdrawals of cash, which should seldom be required in any case, must be made by cheque and with appropriate documentation so that there is a good record of them.
11. Bank accounts must be reconciled monthly, preferably by someone other than the Friend who makes deposits or writes cheques. If the reconciliation is done by someone who does these tasks, another Friend who is familiar with the activities and finances of the Meeting should inspect the bank statement and its reconciliation each month and initial it.
12. There must be an annual audit or review of the financial statements, bank reconciliations and financial records by an independent person who is not involved in the regular administration of the finances of the Meeting. This could be done by a member or attender of the Meeting or a person external to the Meeting. The signed audit report needs to be presented annually to the Monthly Meeting for Business. This should not be seen as a lack of faith in the treasurer. Rather, it is an act of support for the treasurer.
13. Financial statements of income and expenses need to be presented to the Monthly Meeting at least every three months. Friends at Monthly Meeting should feel free to ask any and all questions about the financial statements.

Best Practices

14. Two people should be responsible for the processing and recording of receipts, especially of cash. One person should receive the money; the second should record it in the Meeting records.
15. When cash is received, prepare a cash receipts list with at least two people present. The list should be dated and initialled by the people who prepared it.
The list should be matched to the deposit slip and the number of the deposit slip written on the list.
16. Cash receipts lists should be matched to your deposit slips during the year-end audit process or at some other time by someone other than the person who makes the deposits.
17. Cheques should be recorded in your bookkeeping system (whether manual or computerized) as they are prepared.
18. Two signatures should be required on cheques. If this is particularly onerous you may decide to permit one signature only on cheques of less than \$300.
19. Payments to or charitable receipts for a person who normally signs such things (such as the Meeting's Treasurer) should be signed by a different person.
20. Cheques should be pre-numbered and used in sequence.
21. Cheque request forms should be used to explain why the money should be paid out, who is authorizing it (a committee or individual) with supporting documentation to show which part of the approved Meeting budget it is to be paid from.
22. Post-dated donation cheques should be recorded in your bookkeeping system when they are received, with their appropriate dates, and deposited once their dates arrive. Post-dated cheques for donations should be receipted based on the date the cheque is dated, not the date received.
23. Competitive quotes should be received for items such as building insurance, building renovations and the like. You may want to review quotes on building insurance every 3 years.
24. Relevant minutes of finance committee decisions should be filed with the accounts.

CRA Requirements

25. If the Meeting is a registered charity a T3010 Charitable Return must be prepared annually and submitted to the Canada Revenue Agency (CRA) by six months after the end of the Meeting's fiscal year.
26. Donations to other charities have to be reported on the T3010 Charity Return You are required to provide the charity's business number but it is not necessary for them to issue you a official charitable receipt.
27. The T3010 should be reviewed by a second financially knowledgeable person before it is submitted to the CRA. You should also have it reviewed by your Trustees or Finance Committee, and/or presented to the Monthly Meeting for Business for approval prior to submission to the CRA.
28. You must report all political activity on the T3010, and may not spend over 10% of your resources (money and people's time) on that. You may not engage in "partisan political activity" at all, such as publicly supporting or opposing any political party, member of a legislature, or candidate. Some details about this are on the CRA's website at <http://www.cra-arc.gc.ca/chrts-gvng/chrts/cmmnctn/pltel-ctvts/menu-eng.html>, and CFSC has additional resources.
29. Charitable receipts must contain:
 - a statement that it is an official receipt for income tax purposes;
 - the name and address of the charity as on file with the Canada Revenue Agency;
 - the charitable registration number of the Meeting;
 - the serial number (sequential number) of the receipt;
 - the place or locality where the receipt was issued;
 - the day on which or the year during which the donation was received (where property other than cash is received, the date the donation was received must be included); This is a complex area with specific rules as to values which can be attributed to donated items. Avoid issuing receipts for merchandise and especially services contributed
 - the actual date on which the receipt was issued (which may be in the next calendar year! but typically within a maximum of two weeks into the next year!);
 - the total amount of the gift (donation);
 - the value and description of any advantage received by the donor (e.g. fair market value of a meal at a fundraising dinner);
 - the eligible amount of the gift; (The total amount and advantage may be omitted when there is no advantage received and thus the eligible amount equals the total amount. See the CRA website, address below, for definitions of these terms.)
 - the full name (technically including middle initial) and address of the donor.
 - the signature of an individual authorized by the charity to acknowledge donations; and
 - the name and website address of the Canada Revenue Agency.

A duplicate copy should be kept on file by the Meeting. If the receipt is going to a donor in Quebec, the donor should receive two copies.

Special handling is required for replacement or corrected receipts. Among other things, they must be given a new serial number, and state which receipt number they are replacing.

Before distributing the receipts you should ensure that the total of the receipts issued matches to or is reconciled to the total donations received according to your accounting records and you should maintain documentation of this calculation.

There's a whole section of the CRA website with many more details about receipting at <http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/rcpts/menu-eng.html>, with the page <http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/rcpts/whtnf-eng.html> specifically detailing what is required on receipts.

It may be advisable to use commercial software for tracking your donors and donations and issuing charitable receipts, which is already designed to obey all of the requirements of the CRA, and which is being actively maintained by the vendor to keep up with such requirements. Some such software is inexpensive or even free for smaller organizations.

30. If you are registered as a charity you are entitled to recover part of the GST (or HST) that the Meeting pays on expenses. Once you have submitted one such claim you must continue to file the GST return annually. There may be separate recovery possible for the PST or provincial part of the HST, depending on your province. You can find the correct version of the forms by going to the links below:

GST 66 –Federal portion of HST rebate:

<http://www.cra-arc.gc.ca/E/pbg/gf/gst66/README.html>

RC7066 – Provincial portion of HST rebate:

<http://www.cra-arc.gc.ca/E/pbg/tf/rc7066-sch/README.html>

31. As a charity you may not engage in “private benevolence”, unduly giving money to its own members or officers in a way that is not in order to further its charitable purposes and/or not available to the wider community. This is difficult to judge and define properly; one relevant CRA resource is at <http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-024-eng.html#N105C3>.
32. Should you have employees, it is a requirement to make deductions from each pay cheque for Canada Pension (CPP), Employment Insurance (EI) and taxes. These then have to be remitted monthly together with an employer's share of CPP (the same amount as the employee's contribution) and EI (1.4 times the employee's contribution).

You can find a payroll deductions on line calculator at <https://apps.cra-arc.gc.ca/ebsci/rhpd/wlcm-bnvn.do>

A T4 slip must be prepared reporting the total gross payroll and amounts of CPP and EI deducted during a calendar year and given to the employee before the end of the following February. The T4 slip must show the employee's name and address and social insurance number. A T4 Summary must be prepared at the same time reporting the employee's and employer's portion of CPP and EI and taxes and the total remitted to CRA.

Information regarding preparation of these forms can be found at <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/rtrns/t4/menu-eng.html>

33. Should you have payments for services for which you have not been invoiced but to someone who is not an employee, you are required to issue them a T4A slip by February reporting the total payments during the previous calendar year, name address and social insurance number. You are also required to send a copy of this slip along with a T4A summary to CRA before the end of February.

More information regarding when you must report these payments and how to report them can be found at <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/rtrns/t4a/menu-eng.html>

34. There are special considerations regarding payments for charitable activities which aren't being carried out under the supervision of the Meeting. Charities are required to supervise how their money is being spent. In the event funds are being sent to a project (within or outside of Canada) which isn't being directly supervised by the charity, an Agency Agreement must be arranged between those supervising the project and the charity. Contributions can be made to another Canadian charity and directed to a project, however if the funds go directly from a charity to a project an agreement is required. This is a very complex reporting and supervision process. Failure to observe the requirements can result in the charitable status being cancelled. We recommend that you try to make your contribution to another charity. If it qualifies, it could possibly be processed through Canadian Friends Service Committee (CFSC).