

TREASURERS' NEWS

The latest news for Presbyterian & Cooperating Venture parishes

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Welcome to our June newsletter...

The Finance Department has been busy preparing for the financial year end and financial consolidation... also, interviewing candidates for the role of PCANZ Head of Finance and Operations.

I am pleased to announce that the Church has appointed Camila Farias to the position of Head of Finance and Operations. We welcome Camila to the team in late June, and will introduce her in the next newsletter.

A reminder that *all banks* will no longer accept or issue cheques from the 1 July 2021. If you need any further information or advice, please contact your local bank branch.

If you have any questions on the Financial Consolidation or Charities Services filing, please email me, martyn@presbyterian.org.nz

For more general queries: contact Katrina Graham katrina@presbyterian.org.nz for any assessment or general finance queries, and contact PCANZFC@presbyterian.org.nz for any questions regarding the consolidation.

Blessings
Martyn Vincent

**"This is the confidence we have in approaching God: that if we ask anything according to his will, he hears us. And if we know that he hears us—whatever we ask—we know that we have what we asked of him."
1 John 5:14-15 (NIV)**



Financial Consolidation 30 June 2021

Key dates for the Financial Consolidation:

- **25 June 2021** - Ensure that you have arranged for your bank to send our auditors Ernst Young the bank audit confirmation letters for the end of your financial year-end. Note, this does not apply to BNZ (Bank of New Zealand) bank account holders; the BNZ will process a bulk Presbyterian Church Aotearoa of New Zealand (PCANZ) parish return.
- **31 August 2021** – Parish Statistic forms to Katrina Graham, katrina@presbyterian.org.nz
- **7 September 2021** – Send parish or trust 30 June 2021 trial balance or accounts (or year-end balance if not June 2021) to PCANZ email address, PCANZFC@presbyterian.org.nz
- **7 September 2021** – If parish uses XERO but has not given PCANZ access to XERO, please do so by this date. This access is appreciated as it makes the consolidation easier for processing.

Parish Statistics 2021

The church statistics forms for 2021 were emailed on the 21 May 2021. Please ensure these are completed and returned to our office by 31 August 2021. If you have any questions, please contact katrina@presbyterian.org.nz

The statistics gathered from the forms are a valuable source of information, primarily for Assembly Assessment calculation to ensure that your parish does not pay more than its fair share. They are also useful for statistics on the PCANZ for our reporting on the life of our parishes in the community.



Charities Services Group Registration Update

(Note: the below information does not apply to those parishes that selected Option 1 and so will not file an annual return.)

I recently received a question from a parish that had selected Option 2 in the PCANZ Charities Services survey, i.e. they will file their own annual returns. The question was, "Will the parish or trust still be included in the PCANZ Group financial consolidation?" The answer is, yes, all parishes and trusts will be consolidated. To clarify, by selecting Option 2 you do not 'opt out' of the financial consolidation; your parish or trust will still be included in the PCANZ financial consolidation.

When a parish or trust files its annual return with Charities Services, there will be a question on the control relationships of the parish or trust. See the example below (apologies for the quality of this screenshot):

Control Relationships

Does your charity have control of another entity(s) (whether a registered charity or not) for financial reporting purposes?*

Yes
 No

Is your charity controlled by another registered charity for financial reporting purposes?*

Yes
 No

Please provide the CC registration number of the charity that controls your charity**

CC Registration Number**

The part of the questionnaire that the parish will complete with a 'Yes' is:

Is your charity controlled by another registered charity for financial reporting purposes?

Select, Yes. The CC registration number you will then enter is: CC33597

If you require further clarification please email me.



Assembly Assessment from 1st July 2021

We are working on finalising the Assembly Assessment levy for the year beginning 1 July 2021. We will issue notices and advise parishes of the levy in June.



Stipend Adjustment from 1st July 2021

Please [click here](#) for the new minister's stipend and allowances rates for the year from 1 July 2021 - the increase is 1.6% based on the latest Labour Cost Index. Please note that the annual minister's stipend adjustment is required by the Book of Order: [6.051]; that the basic stipend be Average Weekly Earnings Wage Index adjusted each year from 1 July 2008.



Annual Budgets.

It is at this time of the year that many parishes prepare their budgets for the new financial year. If your parish is one of those that does not, I recommend that you do prepare a budget.

Budgeting allows you to create a spending plan for parish money; it ensures that the parish will have enough money for the things it needs, and the things that are important to it.

To be successful, a budget must:

- Address parish goals
- Potentially be a motivating tool
- Have the support of the parish leadership
- Convey a sense of ownership
- Be flexible

A parish operating budget reflects the commitments and activities planned by the parish, usually over a financial year, which will impact on operational income and expenses, both administrative and mission related. The budget should be produced annually, and actual income and expenditure recorded throughout the year measured against it. The budget is usually set using the previous year's budget and actual income and expense items, with consideration given to planned changes in activity over the coming year. Planned changes to balance sheet items (i.e., the purchase or sale of fixed assets or changes in investments and liabilities) should be documented as a separate capital budget and not included in the operating budget.

The budget may be phased, that is, broken down by each month of the year to provide the reader with monthly and year-to-date budget comparisons in a monthly report. Many expense and income items (stipend, Assembly Assessment, interest income) may be the same or similar each month, but some, such as income from fundraising or expenses for building maintenance, will arise from specific events. These should be planned for and recorded in budget phasing.

The budget is usually prepared by the treasurer in conjunction with the parish council. On council approval, the budget requires the approval of the congregation before it can be implemented (BOO, 5.2(4)(b)). At the parish council's annual general meeting (AGM), a quorum of the congregation votes on the budget it has adopted. If a majority votes against adoption of the budget, it is up for discussion and amendment. Any congregational member can propose amendments to components of the proposed budget but cannot propose an alternative budget.

Actual income and expenditure is unlikely to exactly replicate that budgeted for, and large variances should be reported. Variances may be planned or unplanned, controllable, or uncontrollable. Actual and budget variances may indicate a lack of control over either the actual cost or the budget process. These variances should be monitored and provide valuable information to the treasurer and the board of managers.

A budget is a particularly useful tool for the parish, and it does not need to be overly complicated. If your parish does not prepare an annual budget, I urge you to implement one.

LAURENSEN'S TIP\$

BY ROWENA JANES



It is the end of the financial year – and that means issuing receipts for donations!

We have had several parishes contact us over the last couple of weeks asking for help or pointers around streamlining the issuing of receipts to regular donors; this month's newsletter seems like a suitable time to discuss this.

Parishes characteristically receive offerings in several ways:

- 1.Regular direct credits to a bank account.
- 2.Envelope offerings at Sunday services.
- 3.Loose offerings at Sunday services.
- 4.Ad hoc offerings in response to specific appeals.

Loose cash offerings are virtually impossible to track and therefore receipts will not be issued for these. Donors of the other three types must be issued with a receipt for their donation, to enable them to claim their donation rebate at IRD (Inland Revenue Department).

Most parishes will issue receipts once a year, for the total donated by each parishioner. This practice is acceptable to IRD – there is no need to issue a receipt for each donation. Having said that, occasionally, where a donor has made a large one-off donation, it will be appropriate to issue a donation receipt at the time. However, this tends to be the exception rather than the rule.

What do we need in order to complete this process?

- Accurate records of what each donor has given during the year.
- This is made simpler if the donor has ONLY given via direct credit, as each and every donation will have come through your bank account as a separate transaction, able to be tagged to that donor. If donors have given using both direct credits AND envelopes, you will need to set up a ledger to track both types of donations.
- The correct name and address for each donor, and whether the donation is given by a single person, or by a couple. For donation rebate purposes, it is important to ensure you have this correct. Mr Smith may become somewhat annoyed if the donation receipt is issued in only Mrs Smith's name, when in fact it has come from joint funds, as he will be unable to gain his donation rebate!
- Depending on how you are going to issue your receipts, a template for the receipt. This must include:
 - The correct legal name of the parish in full.
 - The period covered by the donations receipt, usually 1 April to 31 March of the relevant year.
 - The parish's CC (registered charitable entity) number.In addition, it is usual to put some kind of "thank you" message onto the receipt, although not required by law.

There are a number of ways of tracking the information and generating receipts. Xero does not have a specific process for this, but there are a few ways you can use its features to make things easier:

- Bank rules: For donors who only give via direct credit, set up bank rules so that all of their donations are logged under the same contact.
- Where envelope offerings are banked, create a number of separate transactions, each referenced to the applicable contact, reconciling these against the single deposit when it flows through your bank account.

If you are going to use the two steps above, you can then easily export the offerings accounts from your Xero file to Excel (other software applications almost always have export functionality to allow for the same process). You can then use Excel's features to sort on contact, group all of the deposits from any contact and quickly and easily total them. You may then choose to use a mail merge to generate your receipts, or process them manually.

- Alternatively, where you have a small number of donors (we suggest 40 or fewer), set up a Tracking Category and reference both direct credit offerings and deposits of envelope offerings against the donor, each of whom has their own tracking sub-category. You can then print out a report at end of year showing the total for each tracking category to provide the total given by each donor.
- Finally, if you have a really substantial number of donors, you could subscribe to a Xero plugin such as Infoodle (already in use in many parishes). This integrates with your Xero software to allow for easy tracking of offerings/donations and issuing of receipts. Infoodle starts at \$10 per month (over and above your Xero subscription) but if you have many donations to track, \$120 per year may be a worthwhile expense for you.

If you have any questions or would like our help on processing end of year donations receipts, please contact us. While it can seem like a large task, if you put the preliminary work in (when coding and processing your transactions during the year) it can be made comparatively simple.

DISCLAIMER: This article has been carefully prepared but has been written in general terms only. The article should not be relied upon to provide specific information without also obtaining appropriate professional advice after detailed examination of your particular situation.