



Presbyterian Church
of Aotearoa New Zealand

CHURCH MANAGEMENT SUPPORT GUIDE

**A church business resource for administration and
management**

Updated 1 July 2023
Version 8.1.0

PART 1: Finance and Administration

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Introduction

This document is produced by the Financial Services Department (FSD) of the Presbyterian Church of Aotearoa New Zealand (PCANZ) General Assembly office and is an update of the Church Management Support (CMS) guide dated 1 July 2022, version 7.0.

The document is in four parts:

- church finance and administration
- employment of ministers and lay employees
- the responsibilities of a church council in relation to its minister
- products and services available to Presbyterian and cooperating churches.

This update draws on material contained in treasurer's newsletters, as well as material from partner organisations the Inter-Church Bureau, Christian Savings and Laurenson Chartered Accountants.

Throughout this document, Presbyterian parishes are referred to as "churches" and the PCANZ General Assembly office as the "Assembly Office." "The Church" incorporates all New Zealand Presbyterian churches, presbyteries, and the Assembly Office.

Overview: PCANZ organisational structure

PCANZ is a Church, recognised as such under the Presbyterian Church Property Act 1885. The Presbyterian Church Book of Order is its rules document. PCANZ supports some 270 Presbyterian parishes and a further 100 cooperating parishes (churches with the PCANZ and another denomination providing joint oversight). Churches are grouped into either five regional presbyteries or either a Pacific Island or Māori Synod (Te Aka Puaho). Church property is under vested ownership of the Presbyterian Church Property Trustees (PCPT) or for churches located south of the Waitaki River, the Synod of Otago and Southland. Under the [Financial Reporting Act 2013](#), PCANZ qualifies as a Tier 2 Public Benefit Entity.

The organisation is governed by an elected Council of Assembly and served by an Assembly Executive Officer who performs a CEO-type role. PCANZ employs approximately 25 full-time units, located in Wellington, Dunedin, and Auckland offices. There are around 18 functions including administration, communications, local and overseas mission, and minister training.

The total membership throughout New Zealand, which includes cooperating churches, of 30,500 and a further 11,000 associate members. According to 2013 census data, 330,000 New Zealanders consider themselves Presbyterian.

1 FINANCE AND ADMINISTRATION

1.1 Church governance and administration roles

Chapter 7 of the [Book of Order](#) defines “Church Council”, and Chapter 16, “Property and Finance”, details the key roles and responsibilities of the finance and administrative functions of a church.

1.1.1 The Church Council

The church council is responsible for the governance, spiritual oversight, and pastoral care of its members. It also has responsibility for the management of finances and property (BOO, 7.2 and 16.8), including:

- the formation and performance of a board of managers, deacons’ court or finance and property committee, which may also be responsible for property and administration (BOO, 7.2(6))
- the appointment of the treasurer (BOO, 16.8(2)(b)) and a suitably qualified person to conduct an independent review or audit of church accounts (BOO, 16.8(8))
- the preparation of church accounts and budget for presentation to the congregation, presbytery, and Assembly Office (BOO, 16.8(7) and 16.8(9)).

Options for the structure of a church council are (BOO, 7.4):

- a session and a board of managers (or deacons’ court)
- a session or parish council that combines the functions of a session and either a board of managers or deacons’ court.

1.1.2 Board of Managers

The board of managers represents the administrative and financial capability of the church (BOO, 7.8–7.12). For the purposes of this document, the term ‘board of managers’ covers the role of a deacons’ court and property and finance committee.

Responsibilities include:

- management of all church finances, ensuring that the church ministry and lay employees have sufficient resources to carry out the agreed mission.
- presenting monthly and annual accounts and budget to the church council and providing regular reports on giving and finances for the church newsletter.
- arranging appropriate approvals for borrowing and property transactions, and ensuring expenditure is properly authorised.
- appointing and overseeing the church treasurer.

1.1.3 Treasurer

The treasurer has oversight of the financial administration of the parish. The role is not an elected one; it is appointed by reports to and is supported by the board of managers. The treasurer's role cannot be filled by the minister (BOO, 16.8(3)) but does not necessarily have to be filled by a member of the congregation.

Upon appointment of a treasurer, it is the board of managers' duty to ensure that:

- the treasurer is fully aware of and understands their responsibilities
- the church's finance records are made available, and the treasurer is given a thorough explanation of the church's financial processes, procedures, and recordkeeping
- bank account signing authorities and general ledger access is updated
- the previous year's financial reports are reviewed, and the treasurer is made aware of any financial or administrative trends or issues
- PCANZ FSD is advised of the appointment, so that the treasurers' database is updated, and the treasurer is included on the mailing list for finance newsletters

1.2 Church Management Information System

The management of accounts, reports and transactional data is the responsibility of staff and volunteers associated with the church, likely to be the treasurer, with reporting lines to the church board of managers, church council and congregation. It is assumed the treasurer understands cash management and transactional coding procedures, as well as access to and the ability to use a PC-based general ledger system. Like any small business, the general ledger is a database of transactions and account lines that allows users to produce and access data on income, expenditure, assets, and liabilities.

It is the responsibility of each church to meet the financial reporting requirements of the New Zealand government (monitored by Charities Services) and the requirements of PCANZ (refer Section [1.6](#)). Each church should have adequate training procedures, data backup and access security arrangements in place.

1.2.1 Church Accounting Software

PCANZ does not specify any software package for use by churches, however we do strongly encourage parishes to use the Xero accounting package.

1.2.2 Xero

In partnership with advisor, Laurenson Chartered Accountants, PCANZ has developed a version of Xero specifically for the use of churches. Features include:

- a chart of accounts designed for church use, but with the flexibility to modify
- automated financial reporting that meets statutory accounting standards

About 200 churches have signed up for Xero and use the Laurensen agency, which offers direct support in setup, training, and reporting, as well as access to licence cost discounts available to charities. For further information, go to the [Laurensen website](#) or refer to [Xero for parish accounts](#).

1.3 Management of Receipts and Payments

1.3.1 Receipts

Income from operations may be generated from the collection of offerings and donations, the provision of goods or services, such as the hire of the church or hall, or the conducting of (income-generating) weddings and funerals, and investment income.

The church's provision of services should be agreed in advance with the customer and documented by either an invoice or receipt of payment, which should note:

- description and date(s) of services rendered
- agreed payment amounts or rates and payment terms
- the Church GST number and account information.

The invoice should be coded to the appropriate income account. Any overdue invoices should be followed up with the customer and reported to the board of managers in the form of an aged accounts receivable report. It is likely that a large part of the church's income will be in the form of cash from the sale of goods or from offerings and donations. Much of this income will be transferred by direct credit, automatic payment, eftpos or credit card transactions. Electronic funds transfer should be encouraged to minimise risk associated with the handling of cash and to create a data trail from donor to church. It is the board of managers that determines who has access to the church cash, bank accounts and credit facilities, it is presumed that the board will grant access to the treasurer, and that at least one other person is able to access funds.

When collecting cash offerings, it is recommended that at least two people are involved throughout the process. An offering roster of people who can assist with the counting of offerings may be helpful. A system of numbered envelopes (or electronic equivalent) should be assigned to a donor or family. It is essential that the donor and donated amount is kept confidential from other members of the congregation.

Donated funds should be held securely prior to transfer to the treasurer, who should:

- Record donations on behalf of the donor

The amount and donor should be recorded in a cashbook, spreadsheet, or donation management system (for example, refer to www.infoodle.co.nz), and

a cumulative record maintained. At the end of the tax year (31 March), a receipt is produced for each donor to enable them to claim tax back from the Inland Revenue under the Church's tax-free charitable status.

- Record donations as parish income

All donations should be recorded as income in the general ledger. The chart of accounts may separate donation income as follows:

- *Envelope or cash offerings.* These are untagged donations that are receipted into church accounts as income. There is no restriction on the use of these funds. They may be transferred into reserves or used to fund operational and/or mission expenses.
- *Special appeals.* These are donations received as the result of a fundraising event or appeal. They may be for the general purpose of the church or for a specific mission purpose or capital project. Donations received for a specific purpose are recorded as income but tagged for its intended use.
- *Specific purpose donations (not because of an appeal).* Donations received for a specific purpose outside the mission of the church are recorded as income but should be forwarded to the intended recipient as soon as possible and not retained by the church.

- Prepare banking

Cash received from donors and customers should be deposited in the bank as soon as possible after the donation or payment has been received. Deposits should be supported by a banking register reconciling with the bank deposit slip. All cash receipts are to be deposited in the church bank account and not used for operating expenses or any other purpose prior to banking.

1.3.2 Operating and Capital Payments

Church operating and capital expenses will include costs incurred for administration, mission, ministry, and property maintenance. Church payments may be made to suppliers, contractors, vendors, ministers and staff, Presbyteries and PCANZ. Appropriate controls should be established to minimise the risk of inappropriate payments made because of fraud or error. These include:

- Payment authorisation

Authorisation levels and processes should be put in place and agreed by the board of managers, which will designate expense authority to key members of the church and define the number and level of payment authorisers/signatories. The treasurer should regularly report accounts payable and other creditors to the board of managers.

- Separation of roles

It is recommended that the board of managers establish a system that requires two (or more) authorisers (signatories or electronic transfer authorisers), to make each payment. Where feasible, there should also be separation of the authorisation and processing of the payments.

- Security parameters set on general ledger and PC banking software
Access to the church general ledger and bank accounts (including internet banking system) should be restricted and under the control of the board of managers.
- Production and maintenance of appropriate documentation
All expenses transactions should be supported by appropriate documentation, which may include supplier invoices; employment or contractual agreements, wage, and stipend records; and employee expense claims. Inland Revenue requires that all documentation, including those relating to payments, is kept for a period of seven years.

1.4 Operating Budget

1.4.1 Purpose and use

A church operating budget reflects the commitments and activities planned by the church, 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 readers 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 the budget phasing.

1.4.2 Approval process

The budget is usually prepared by the treasurer in conjunction with the church council. On council approval, the budget requires the approval of the congregation before it can be implemented (BOO, 5.2(4)(b)). At the church council's annual general meeting (AGM), a quorum of the congregation votes on the budget it has adopted. If a majority votes against the budget's adoption, 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.

1.4.3 Budget variances

Actual income and expenditure are unlikely to exactly replicate that budgeted for, and 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.

Sample operating budget:

Operating Budget For the 20XX-XX Financial Year

	Prior Year Budget	Prior Year Actual	Budget
INCOME			
Giving			
Envelope Offerings	75,000	89,553	90,000
Loose Offerings	12,000	8,888	10,000
Special Offerings	4,000	3,333	3,500
Special Donations	500	42	1,000
TOTAL Giving	91,500	101,816	104,500
Fund Raising			
Fair	5,000	4,170	6,000
Fund Raising Events	6,000	2,566	1,000
TOTAL Fund Raising	11,000	6,736	7,000
Services			
Hall Hire	1,000	2,880	1,000
Other Services	500	100	500
TOTAL Income from Services	1,500	2,980	1,500
Interest Received	3,500	5,666	4,000
Grants Received	20,000	20,000	10,000
Sundry Income	1,000	55	500
	24,500	25,721	14,500
TOTAL INCOME	128,500	137,253	127,500
EXPENSES			
Administration Expenses			
Assembly Assessment	8,000	7,500	9,000
Office Supplies	1,000	667	500
Lay Employees	4,000	7,411	5,000
Presbytery Expenses	2,000	1,500	2,000
Telephone	1,500	2,254	1,200
Miscellaneous Expenses	2,000	2,547	2,000
Depreciation	4,000	4,990	4,500
Subscriptions	100	8	100
Communications	3,000	57	2,000
TOTAL Admin Expenses	25,600	26,934	26,300
Ministry Expenses			
Ministers Stipend	44,000	45,560	45,000
Ministers Allowance	3,000	2,660	3,000
Seniority Allowance	4,000	4,100	4,000
Car Mileage Allowance	500	996	500
Housing Allowance	4,500	5,475	5,000
Supervision	1,500	125	1,500
TOTAL Ministry Expenses	57,500	58,916	59,000
Mission Expenses			
Overseas Mission	5,000	9,842	2,000
Local Mission	5,000	544	10,000
TOTAL Mission Expenses	10,000	10,386	12,000
Property Expenses			
Cleaning	500	600	500
Insurance	1,000	1,588	1,500
Power	1,000	1,200	1,000
Repairs	2,000	167	2,000
Manse Expenses	1,000	369	1,000
Interest Paid	200	225	200
TOTAL Property Expenses	5,700	4,149	6,200
TOTAL EXPENSES	98,800	100,385	103,500
OPERATING SURPLUS/(LOSS)	29,700	36,867	24,000

1.5 Donations and donation tax credits

1.5.1 The church as a charitable entity

In 2015 all Presbyterian churches, as well as presbyteries and synods registered as charities in New Zealand. Cooperating churches were already registered as charities prior to 2015. Charitable status means churches enjoy significant tax benefits including a waiver from paying income tax on operating surpluses, concessions from the payment of fringe benefit tax and the ability to issue tax receipts to donors that allow them to claim one third of their donations in the form of tax rebates. The Inter-Church Bureau has issued [guidelines](#) for churches as donee organisations and registered charities, which detail the benefits of charitable status.

The Charities Register is maintained and monitored by [Charities Services](#), which is part of the Department of Internal Affairs. There are requirements with which churches must comply to maintain charitable status, including the production of annual financial and non-financial reports to a specified format (refer section [1.6](#)) and the publishing of the church annual report on the Charities Register (refer [1.6.5](#)).

As well as the publishing of reports, the [register must be updated](#) for changes in the details of the entity and its officers. Each church will have at least one certified representative who has password access to the church's published details. The church's officers will typically be the members of the church council (refer [1.1.1](#)) and are recorded on the register. When council members are replaced, the register should be updated. The update may be done at any time (not necessarily coinciding with the posting of annual accounts) and by the certified representative or by the officer themselves. (Note, however, that whoever actions the update will require the church's user code and password for access). PCANZ advisor, Charities Law, has issued [guidelines on responsibilities and liabilities of officers of a church](#).

1.5.2 Receipts qualifying for the tax credit (Box 4 IR526)

Churches should maintain a record of donations given by individuals or families. Donations are totalled at the end of the tax year (March 31) and a receipt in the name of the church is issued. Information contained on the receipt should include:

- name of the church or entity (as recorded on the Charities Register)
- charities registration number of the church
- name of the donor
- total of donations received by the church over the year.

Tax credits issued by churches are claimed by donors using the form [IR526](#). Box 4 of this form relates specifically to donations made to churches. The distinction is made between "qualifying donations" (an unconditional monetary gift to the church) and "other" receipts. These are receipts for services, supplied by the church, or for tagged donations (mission purposes nominated by the donor) that do not qualify for a tax

credit. The [Inter Church Bureau guidelines](#) define a donation that qualifies for tax receipt is one where the donor:

- made an **unconditional gift** to the church
Note: The donor may make an **unconditional gift** to the church in the full knowledge that a portion of the church budget is spent supporting overseas and other causes outside the church. That is still an unconditional gift as the donor has not specifically directed how it is to be spent. In such cases the onus is on the church treasurer to ensure that the law is complied with, and such outside causes are minor in the context of the overall church budget. The [Income Tax Act 2007](#) requires that donee/recipient organisations use their funds “**wholly or mainly** for charitable, benevolent, philanthropic purposes **within New Zealand**” (emphasis added) so funds going overseas must always, in total, be less than 50% of the church’s total expenditure.
- made a gift with limited directions as to how the donation is to be applied, for example, to a New Zealand-based internal church project (e.g. ‘the building fund’)
- made a donation that the donor directs be passed onto another part of the regional or national church entity (e.g. the diocesan/national budget), provided that donation would qualify for the rebate on a stand-alone basis
- made a donation specifically tagged to a church-related organisation with overseas purposes, which is listed on Schedule 32 of the [Income Tax Act 2007](#). Note that to qualify, the donation must be passed on in bulk by the parish such that the donor does not receive a personalised receipt from the recipient, e.g. World Vision, Caritas, Christian World Service.

1.5.3 Other church receipts (excluded from a claim on form IR526)

The church may issue other ‘ordinary’ receipts, which are ineligible for a tax credit. Treasurers must ensure such receipts clearly state that they are ‘not a tax credit-qualifying donation and therefore no claim can be made on the IRD form’ or words to that effect. Some examples include:

- where a good or service has been received, e.g., camp/retreat fees, wedding/funeral fees. If the church is registered for GST, such receipts will be GST inclusive
- ‘conduit’ or ‘pass through’ tagged donations, where the donor directs the donation to a person or entity that does not of itself qualify for the rebate (e.g. mission or overseas organisations).
Note: There may be instances of ‘conduit’ or ‘pass through’ donations where the recipient organisation does qualify for the rebate, but the donor will receive a receipt directly from such an entity.

1.5.4 Tax rebates on donations for overseas mission

Refer: [IRD Fact Sheet on Wholly and Mainly](#)

As noted above, if the mission activities of the church are “wholly or mainly...within New Zealand” but some mission expense is for overseas activities, donors qualify for donation tax credits. However, the same guidelines for qualifying and other donations apply and the distinction should be made between donations to an overseas mission activity associated with the church, which qualify for tax credits, and those specified by the donor, which do not.

1.5.5 Payroll giving

Refer: Inland Revenue on [payroll giving](#)

Ministry of Social Development [giving to religious organisations](#)

Payroll giving is designed to simplify the tax credits on donations available to donors, and to make the credit available as the donation is paid. Essentially, donors will arrange with their employer to deduct donations from their gross wage or salary, and the tax credit is calculated on the PAYE payable to Inland Revenue.

- The employer will pay the donation directly to the church.
- The donor’s employer must offer this service to the donor and file their PAYE returns electronically.
- The tax credit on PAYE is 33.33% of the donation, the same as if the donor were claiming the credit annually. This amount is deducted from PAYE payable by the donor to Inland Revenue.
- Only donations to registered charities qualify.
- Tax receipts should not be issued to donors who use this payment method.

1.6 Statutory reporting requirements

Charitable status is contingent on compliance with reporting requirements as defined by the [Financial Reporting Act 2013](#). Under the Act all churches are defined as Public Benefit Entities (PBEs) and have a legal responsibility to:

- complete an annual report to PBE (Public Benefit Entities) standards
- publish the annual report on the Charities Register.

The Charities Services deadline for publishing reports is six months after balance date – for most churches that is 31 December. PBEs are grouped into four tiers according to annual operating expenditure:

- Tier 1: PBE with annual expenditure over \$30 million
- Tier 2: PBE with annual expenditure over \$2m and less than \$30m
- Tier 3: expenditure over \$140,000 and under \$2m per annum
- Tier 4: expenditure under \$140,000 per annum.

Almost all Presbyterian and cooperating churches record operating expenditure under \$2 million per annum, so will report to either Tier 3 or 4 accounting standards:

- Tier 3: Simple format accrual accounting (36% of Presbyterian churches)
- Tier 4: Simple format cash accounting (about 45% of Presbyterian churches).

Refer: External Reporting Board (XRB) Guidelines: [Tier 3 and 4 Reporting Standards for Not-For-Profit Entities](#)

When considering what tier a church will come into, note:

- Annual expenditure relates to operating, not capital, expenditure.
- Any trusts, societies or activities controlled by the church (for example, an op shop, mainly music group or mission activity) must be included in the calculation. If the church council or board of managers has power over the operations or the church derives financial or some other benefit, then the accounts of the trust or activity must be consolidated with that of the church to determine the tier (and the annual accounts must be consolidated).
- Churches that qualify for Tier 4 standards simple format cash accounting (i.e. have operating expenditure under \$140,000 per annum) may opt to apply Tier 3 standards (simple format accrual accounting).
- A few churches will have total expenses from church and trust operations of over \$2m and will be required to report to a Tier 2 standard.

1.6.1 Non-financial information

Refer: [Treasurers' information](#) (Non-financial Information Template) for a spreadsheet version of the report, reproduced below.

The standards require information on the activities, mission, and membership of churches. All Tier 3 and 4 churches are required to provide two non-financial reports:

- Entity Information
- Statement of Service Performance.

Entity information is simply an overview of the church. It requires a description of the legal basis, mission objective and governance structure of the church.

The Statement of Service Performance goes into a bit more detail of the activities and achievements of the church. It has two measures:

- Outputs: What do we do? This is a brief, written description of the church mission, ministry, and community activities. It includes a mission statement and an overview of the church's reliance on donated goods and services and volunteers.
- Outcomes: What have we done/achieved during the year? This is quantification or measures of the outputs.

Non-financial information in this format is new but under the [Financial Reporting Act 2013](#) it is required to provide information to the government and to the public on the activities, objectives, and achievements of PBEs that is not disclosed in finance reports. The provision of non-financial information is required to maintain the tax and other advantages that come with the charitable status of the church.

Entity information outcomes are unlikely to change year on year and once documented the templates may be used for subsequent annual reports. The suggested Statement of Service performance output measures will change annually so will require updating. The suggested measures resemble data provided in the membership statistics form (refer [1.7](#)) and you may be guided by that document.

1) Entity Information

"Who are we?" and "why do we exist"

<u>Section</u>	<u>Example</u>	<u>Note</u>
Legal Name of Entity	St Fred's Presbyterian Church	<i>The name of the Church as it appears on the Charities Register</i>
Other name of Entity		<i>Optional</i>
Type of Entity and Legal Basis	The entity is a church, established under the Presbyterian Church Property Trustees Act 1865. The rules of the church are detailed in the Presbyterian Church of Aotearoa New Zealand Book of Order. The entity is a registered charity in New Zealand.	<i>The legal basis of the church (not a trust or a society)</i>
Registration Number	CC 12345	<i>Charities Services Registration Number</i>
Entity's Purpose or Mission	The church believes it is called by God to work with others in making Jesus Christ known through: Teaching and nurturing people in Christian faith Loving service responding to human need Proclaiming the gospel Seeking to transform society Caring for God's creation	<i>If the church has a mission statement, insert it here. The example has been lifted from the PCANZ mission statement</i>
Entity Structure	The church is one of 273 churches affiliated to the Presbyterian Church of Aotearoa New Zealand (PCANZ). It is guided by the provisions of the PCANZ Book of Order, however the church is autonomous and governance is the responsibility of a church council, which is elected by members. The church entity incorporates the following associated Trusts and entities (list).	<i>Overview of the structure and leadership of the church. Ensure any associated trusts or entities are noted.</i>
Main Methods Used by the Entity to Raise Funds	- Fundraising (describe) - Donations and offerings - Investment income - Income from services and activities (describe)	<i>Describe income activities, but do not quantify.</i>
Entities Reliance on Volunteers and Donated Goods or Services	The church relies on volunteer's time and expertise to fulfil its mission activities (children and youth work and community support); governance (the church council is a volunteer committee), administration (treasurer and session clerk) as well as many pastoral assistance roles.	<i>Reliance on volunteers should be described but volunteer numbers and time does not have to be quantified.</i>
Additional Information		<i>Optional. Insert any additional information that the readers should require to understand of the church entity</i>

2 Statement of Service Performance

"What did we do?" and "When did we do it?"

<u>Section</u>	<u>Example</u>	<u>Note</u>																																							
Description of the Entities Outcomes	As reported in the Entity Information section, the mission of St Fred's Presbyterian Church as to provide pastoral guidance and community support to its members and others in the (central Wellington) community. In order to achieve this objective the church offers three weekly services to congregational members, although all members of the public are welcome to attend. In addition the church's runs a weekly mainly music event which is aimed at children up to the age of 6, and a weekly bible class aimed at youth in the 13-17 year age group. The church supports local and overseas mission activities by way of fundraising for projects and offering the gift of pastoral care.	Outcomes are what the church is seeking to achieve in terms of its impact on Society. Refer to the mission statement. Describe (but do not quantify) church activities.																																							
Description and Quantification of the Entities Outputs	<table border="1"> <thead> <tr> <th data-bbox="469 824 874 853">Numbers at balance date:</th> <th data-bbox="874 824 959 853">2016</th> <th data-bbox="959 824 1107 853">2015</th> </tr> </thead> <tbody> <tr> <td data-bbox="469 864 874 893">Number of church members on the roll:</td> <td data-bbox="874 864 959 893">75</td> <td data-bbox="959 864 1107 893">70</td> </tr> <tr> <td data-bbox="469 904 874 934">Number of associate members</td> <td data-bbox="874 904 959 934">125</td> <td data-bbox="959 904 1107 934">115</td> </tr> <tr> <td data-bbox="469 945 874 974">Children in mainly music class</td> <td data-bbox="874 945 959 974">12</td> <td data-bbox="959 945 1107 974">15</td> </tr> <tr> <td data-bbox="469 985 874 1014">Youth in Bible Class</td> <td data-bbox="874 985 959 1014">6</td> <td data-bbox="959 985 1107 1014">8</td> </tr> <tr> <td data-bbox="469 1025 874 1055">Ministry staff (full time unit)</td> <td data-bbox="874 1025 959 1055">1</td> <td data-bbox="959 1025 1107 1055">1</td> </tr> <tr> <td data-bbox="469 1066 874 1095">Non-ordained employees</td> <td data-bbox="874 1066 959 1095">3</td> <td data-bbox="959 1066 1107 1095">3</td> </tr> <tr> <td data-bbox="469 1106 874 1135">Volunteers</td> <td data-bbox="874 1106 959 1135">12</td> <td data-bbox="959 1106 1107 1135">12</td> </tr> <tr> <td colspan="3" data-bbox="469 1146 1107 1176" style="text-align: center;">Activities in the year to balance date</td> </tr> <tr> <td data-bbox="469 1187 874 1216">Number of services</td> <td data-bbox="874 1187 959 1216">156</td> <td data-bbox="959 1187 1107 1216">156</td> </tr> <tr> <td data-bbox="469 1227 874 1256">Number of baptisms</td> <td data-bbox="874 1227 959 1256">1</td> <td data-bbox="959 1227 1107 1256">2</td> </tr> <tr> <td data-bbox="469 1267 874 1296">Number of weddings</td> <td data-bbox="874 1267 959 1296">2</td> <td data-bbox="959 1267 1107 1296">-</td> </tr> <tr> <td data-bbox="469 1308 874 1337">Number of funerals</td> <td data-bbox="874 1308 959 1337">-</td> <td data-bbox="959 1308 1107 1337">1</td> </tr> </tbody> </table>	Numbers at balance date:	2016	2015	Number of church members on the roll:	75	70	Number of associate members	125	115	Children in mainly music class	12	15	Youth in Bible Class	6	8	Ministry staff (full time unit)	1	1	Non-ordained employees	3	3	Volunteers	12	12	Activities in the year to balance date			Number of services	156	156	Number of baptisms	1	2	Number of weddings	2	-	Number of funerals	-	1	Note: Outputs are the goods and services that the entity delivered during the year.
Numbers at balance date:	2016	2015																																							
Number of church members on the roll:	75	70																																							
Number of associate members	125	115																																							
Children in mainly music class	12	15																																							
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Ministry staff (full time unit)	1	1																																							
Non-ordained employees	3	3																																							
Volunteers	12	12																																							
Activities in the year to balance date																																									
Number of services	156	156																																							
Number of baptisms	1	2																																							
Number of weddings	2	-																																							
Number of funerals	-	1																																							
Additional Output Measures	The church controls two non-profit entities that are operated as Trusts: Op shop (Turnover \$8,000 to balance date) and a kindergarten (Turnover \$6,000 to balance date). Income and expenditure of these trusts is consolidated in the financial report.	Optional. Include any additional output measures that are relevant to the user's understanding of what the entity did during the financial year.																																							
Additional Information	The Mainly Music activity was established during the year	Optional. Include an explanation of the increase or decrease in outcomes compared with the previous year using factors within and outside the church's control.																																							

1.6.2 Financial reporting – Tier 3 churches

Refer: Charities Services for [Tier 3 guidelines](#) and [Tier 3 annual reporting template](#) PCANZ for the template for the [Tier 3 finance report](#) (Open the Tier 3 finance reports for excel version of the report, reproduced below.)

The reports required to be completed and posted by Tier 3 churches are:

1. Statement of Financial Performance (Profit and Loss format)
2. Statement of Financial Position (Balance Sheet format)
3. Statement of Cash Flow
4. Statement of Accounting Policies
5. Notes to Accounts

Tier 3 churches qualify to report under the simple format accrual accounting standard. Under the XRB Guidelines for accrual accounting there are specific rules that apply to the treatment of transactions, which include but are not limited to:

- Maintain Debtors and Creditors Ledger.
- Record accrued expenses/income and prepayments at balance date.
- Maintain Fixed Asset Register. Capitalise and Depreciate Assets.
- Record Land and Buildings at Valuation. You may use Rateable Value.
- Specific purpose donations received, with a “spend or return” provision, should be treated as a liability until spent.
- Do not offset income against expenditure. Report separately.
- The on-payment of donations to other organisations specified by the donor is treated as income and expenditure, unless there is a “spend or return” provision set by the donor, in which case it is treated as a liability until spent. Tax receipts cannot be issued for these donations if the purpose is not a mission initiative of the church.
- Members of the church cannot have equity. Members’ contributions towards capital projects are treated as donation income, not capital introduced.
- Treat donated goods as income and an asset if the value is known. If unknown, just include the donation in the notes.

Statement of Financial Performance

Revenue	Current Year		
	Actual	Budget (Optional)	Prior Year Actual
Offerings			
Fundraising			
Grants and Donations			
Interest, dividends and other investment revenue			
Other Revenue (Optional)			
- Income from Services and Activities			
- Property Income			
- Other Income			
Total Revenue	-	-	-

Expenses	Current Year		
	Actual	Budget (Optional)	Prior Year Actual
Administration			
Expenses relating to the provision of services and activities			
Local Mission			
Overseas Mission			
Other Operating Payments (Optional - List)			
Ministers Stipend Allowances and Expenses			
Staff and Volunteer Stipend Allowances and expenses			
Property Expenses			
Sundry Expenses			
Total Expenses	-	-	-
Operating Surplus or (Deficit)	-	-	-

This report is simply a summary Profit and Loss, similar to the PCANZ financial statistics form. The grouped revenue and expense items are suggestions only. Detail on each of these groups is provided in the notes to accounts (see analysis of revenue and expenses, page 21).

From 2017 a prior year comparison is required. However, the disclosure of budget information is optional, and, although churches should internally report financial performance against budget, you may be reluctant to publish this information. The same analysis and comparisons apply to the Statement of Financial Position (Balance Sheet) below.

Statement of Financial Position

Assets

Current Assets	Actual	Budget (Optional)	Prior Year Actual
Bank Accounts and Cash			
Accounts Receivable and Prepayments			
Inventory			
Investments			
Total Current Assets	-	-	-

Non Current Assets

Property Plant and Equipment			
Investments			
Other Non-Current Assets			
- Unsecured Advances			
Total Non-Current Assets	-	-	-
Total Assets	-	-	-

Liabilities

Current Liabilities	Actual	Budget (Optional)	Prior Year Actual
Accounts Payable			
Accrued Expenses			
Employee costs payable			
Unused donations and grants with conditions			
Other Current Liabilities			
Total Current Liabilities	-	-	-

Non - Current Liabilities

Loans			
Other non-current liabilities			
Unused donations and grants with conditions			
Total Non - Current Liabilities	-	-	-
Total Liabilities	-	-	-
Total Assets less Total Liabilities (Net Assets)	-	-	-

Accumulated Funds

Capital contributed by owners or members			
Accumulated surpluses or (deficits)			
Reserves			
Total Accumulated Funds	-	-	-

Statement of Cash Flows

Cash Flows from Operating Activities

Cash was received from:	Current Year		Prior Year Actual
	Actual	Budget (Optional)	
Donations, fundraising and other similar receipts			
Fees, subscriptions and other events from members			
Receipts from providing goods and services			
Interest, dividends and other investment receipts			
	-	-	-

Cash was applied to:	Current Year		Prior Year Actual
	Actual	Budget (Optional)	
Payments to suppliers and employees			
Donations or grants paid			
	-	-	-
Net Cash Flows from operating Activities	-	-	-

Cash Flows from Investing and Financing Activities

Cash was received from:	Current Year		Prior Year Actual
	Actual	Budget (Optional)	
Receipts from sale of property plant and equipment			
Receipts from Sale of Investments			
Repayment of loans borrowed from other parties			
Capital contributed from owners or members			
	-	-	-

Cash was applied to:	Current Year		Prior Year Actual
	Actual	Budget (Optional)	
Payments to acquire property, plant and equipment			
Payment to purchase investments			
Repayments of loans borrowed from other parties			
Capital repaid to owners or members			
	-	-	-
Net Cash Flows from Investing and Financing	-	-	-

Net Increase / Decrease in Cash	-	-	-
Opening Cash			
Closing Cash	-	-	-

Represented By			
Bank Accounts and Cash			

The Statement of Cash Flow records cash movements in and out of the church, grouped by operating activities (from the Statement of Financial Performance, adjusted for debtors and creditors in the Statement of Financial Position) and Investing and Financing activities (movements in investments, fixed assets, and liabilities). A spreadsheet template of this report is available on request from Financial Services Department, or the report can be automated using Xero for Parishes (refer [1.2.2](#)).

Statement of Accounting Policies

Basis of Preparation	(the entity) is permitted by law to apply PBESFR -A (NFP) Public Benefit Entity Simple Format Reporting - Accrual (not - For - Profit) on the basis that it does not have public accountability and has total annual expense equal to or less than \$2,000,000. All transactions in the Performance report are reported using the accrual basis of accounting. The Performance Report is prepared under the assumption that the entity will continue to operate in the foreseeable future.
----------------------	--

Goods and Services Tax (GST)	(Name) is registered for GST. All amounts are stated exclusive of goods and Services Tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST
------------------------------	--

OR (delete one not applicable to entity)

Goods and Services Tax (GST)	(Name) is not registered for GST. Therefore amounts recorded in the Performance Report are inclusive of GST (if any).
------------------------------	---

Income Tax	The entity is wholly exempt from New Zealand income tax having fully complied with all statutory conditions for these exemptions
------------	--

Bank Accounts and Cash	Bank Accounts and Cash in the Statements of Cash Flows comprise cash balances and bank balances (including short term deposits) with original maturities of 90 Days or less.
------------------------	--

Other Specific Accounting Policy	
----------------------------------	--

Tier 2 PBE Accounting Standards Applied (if any)	The consolidation of Trusts or activities into church accounts is an example of adoption of Tier 2 standard and should be noted here
--	--

Changes in Accounting Policies	
--------------------------------	--

This is a simple report that is unlikely to change from year to year. It reports on what tier the church is reporting to, whether it is GST registered, liable for income tax and its definition of cash. (Some entities report term deposits up to three months as cash although it is unlikely churches will do so.) It is also unlikely accounting policies will change over the year, or any Tier 2 standards will apply, but if they do that should be noted in this report.

Notes to Accounts

In addition to the Statement of Accounting Policies, there are 11 notes to the finance reports for Tier 3 entities:

- Analysis of Revenue } Detail of Financial Performance
- Analysis of Expenditure }
- Analysis of Assets and Liabilities } Detail of Financial Position
- Property Plant and Equipment }
- Accumulated Funds
- Commitments and Contingencies
- Assets held on behalf of others
- Related Party Transactions
- Events after Balance Date
- Ability to Continue Operating
- Additional Information.

Many of the Statements of Accounting policies and notes to accounts may not apply to churches and mandatory completion of all notes is not required. If there are events or transactions that should be noted, compliance should be straightforward. Refer to the XRB Guidelines or to FSD for guidance.

1.6.3 Financial reporting – Tier 4 churches

Refer: Charities Services for [Tier 4 guidance](#) and [Tier 4 annual reporting template](#) PCANZ for the template for the [Tier 3 finance report](#) (Open the Tier 3 finance report for excel version of the report, reproduced below.)

Tier 4 churches qualify to report to simple format – cash standards. This is designed for small, simple Public Benefit Entities (PBEs) (not just churches) that may not have the resources to do accrual accounting. So, Tier 4 entities report on a cash basis only and are exempt from reporting some of the more complex parts of Tier 3 entities; for example, there is no statement of cash flow, fixed asset register or accrued expenses and income required.

The reports required to be completed and posted by Tier 4 churches are:

1. Statement of Receipts and Payments
2. Statement of Resources and Commitments
3. Statement of Accounting Policies
4. Notes to Accounts

The Statement of Receipts and Payments, reproduced below, may be quite different to the way the church has traditionally reported financial performance and position. It lists operating revenue and payments (similar to income and expenditure but without any accruals) and also capital receipts and payments are on the same report. Traditional balance sheet items such as the purchase or sale of fixed assets and property, or investments made or redeemed, are reported along with traditional operating income and expenditure items.

Similarly, the Statement of Resources and Commitments requires information on receivables and payables that is not strictly cash reporting. The reports are designed to be simple and may well be so; however, it should be noted that cash accounting for Tier 4 churches is not mandatory and if your church qualifies for Tier 4, you can report under Tier 3 standards and may decide to because Tier 3 may more closely replicate the existing reporting format.

Statement of Receipts and Payments

Revenue	Current Year Actual	Budget (Optional)	Prior Year Actual
Offerings			
Fundraising			
Grants and Donations			
Interest, dividends and other investment revenue			
Other Revenue (Optional)			
- Income from Services and Activities			
- Property Income			
- Other Income			
Total Operating Receipts	-	-	-

Operating Payments	Current Year Actual	Budget (Optional)	Prior Year Actual
Administration			
Expenses relating to the provision of good and activities			
Local Mission			
Overseas Mission			
Other Operating Payments (Optional - List)			
Ministers Stipend Allowances and Expenses			
Staff and Volunteer Stipend Allowances and expenses			
Property Expenses			
Sundry Expenses			
Total Operating Payments	-	-	-
Operating Surplus or (Deficit)	-	-	-

Capital Receipts	Current Year Actual	Budget (Optional)	Prior Year Actual
Receipts from Sale of Resources			
Receipts from Borrowings			
	-	-	-

Capital Payments	Current Year Actual	Budget (Optional)	Prior Year Actual
Purchase of Resources			
Repayment of Borrowings			
	-	-	-

Increase / (Decrease) in Bank Accounts and Cash	Current Year Actual	Budget (Optional)	Prior Year Actual
Bank Accounts and Cash at the beginning of the financial year			
Bank Accounts and Cash at the end of the financial year	-	-	-

Represented by:	Current Year Actual	Budget (Optional)	Prior Year Actual
Cheque account(s)			
Savings account(s)			
Term Deposit Account(s)			
Cash Floats			
Petty Cash			
Total Bank Accounts and Cash at the End of the Year	-	-	-

Statement of Resources and Commitments

Schedule of Resources

	This Year (\$)	Last Year (\$)
Bank Accounts and Cash (from Statement of Receipts and Payments)	-	-
Money Held on Behalf of Others (Optional, List)	Amount	Amount
Description		
	-	-
Money owed to the Entity (List)	Amount	Amount
Description		
	-	-
Other Resources (List)	Cost or Current Value	Cost or Current Value
Description and source of value (cost or current value required if practicable to obtain)		
	-	-

Schedule of Commitments

Money Payable by the Entity (List)	Amount	Amount
Description		
	-	-
Other Commitments (List)	Amount	Amount
Description		
	-	-
Guarantee's (List)	Amount	Amount
Description		
	-	-

Schedule of Other Information

Grants and Donations with Conditions Attached (where conditions not fully met at balance date)	Amount	Amount
Description		
	-	-
Resources Used as Security for Borrowings	Amount	Amount
Description		
	-	-

Statement of Accounting Policies

These disclosures relate to the accounting standard (tier) that applies, and to the GST and tax policies of the church. They are the same disclosures as required for Tier 3 entities. Refer to section 1.6.2.

Notes to Accounts

In addition to the Statement of Accounting Policies there are six notes to accounts:

- Analysis of Receipts } Detail on the Statement of Receipts and
- Analysis of Payments } Payments (including capital receipts and payments)
- Correction of Errors
- Related Party Transactions
- Events after Balance Date
- Additional Information

These disclosures are the same as for Tier 3 churches, although there are not as many required. Refer to section 1.6.2.

1.6.4 Automation of reporting using Xero for parishes

The version of Xero accounting software that has been written for churches automates the financial sections of Tier 3 and 4 reports:

- Statements of Financial Performance }
- Statements of Financial Performance } Tier 3 churches
- Statement of Cash Flow }
- Analysis of Revenue and Expenditure }

- Statement of Receipts and Payments }
- Statement of Resources and Commitments } Tier 4 churches
- Analysis of Receipts and Payments }

Refer: [Guidelines for producing annual accounts on Xero](#) and sample Xero report templates for [Tier 3](#) and [Tier 4](#) churches.

1.6.5 Posting the annual report on the Charities Register

Refer: Charities Services for [guidance on filing an annual return](#)

Church annual reports are posted on the Charities Register by 31 December for churches with a 30 June balance date. The process of posting is quite straight forward but in order to access the register you will need the [username and password](#) issued by Charities Services when your church registration was accepted last year. If you do not have these details you can request them from Charities Services.

You will be required to summarise financial and non-financial information and either attach an electronic version of the annual report or mail a hard copy to Charities

Services. They will charge \$51.11 for posting accounts on the website, or \$76.67 to process accounts that have been mailed to them.

All parishes are part of the PCANZ Group, and a parish may elect to not file their own individual return with the Charities Service. Many parishes have already selected this option. If your parish wishes to take advantage of this option please contact the PCANZ Assembly Office. Note that the parish will be required to maintain their own details on the Charities Services website such as officer details, parish address, parish contact details etc.

1.7 Church Statistics

The [Book of Order](#) Chapter 16 refers to property and finance matters. Section 16.8(7) states:

The church council must ensure that accounts of the congregation are prepared and reviewed or audited at least once in every year and at such other times as may be required by the congregation.

Church accounts are published on the Charities Register, and the summary statistical forms for the year to 30 June, listed below, are sent to the Assembly Office by the due date, 31 December:

- Membership statistics form
- Finance statistics form
- Independent audit or financial review.

Reports are collated by FSD and published on the PCANZ website for church [finances and membership statistics](#).

1.7.1 Membership Statistics Form

The [Membership Statistics Form](#) is used to track and analyse changes in numbers, age and demographics of members, and the activities of each Presbyterian and Cooperating parish.



Presbyterian Church of Aotearoa New Zealand

Church Membership Statistics (Form P2) For the Year to 30 June 20XX

Parish Name: _____ Presbytery: _____
 Completed by: _____ Position: _____
 Email: _____ Date: _____

1 Membership

	Female		Male		Total
	Member	Associate	Member	Associate	
Up to 25 years					-
26 to 45 years					-
46 to 65 years					-
Over 65 years					-
Total	-	-	-	-	-

2 Roll

Added	
Removed	
- Death	
- Transfer to another Church	
- Other	

3 Attendance at Worship

- Children under 13	
- Youth 13 - 17	
- Adult	
Total	
	-

	Children (under 13)	Adult
4 Baptisms		
5 Dedications		
6 Confirmations/Professions of Faith		

7 Christian Formation

- Sunday or Weekday under 13 Years	
- Youth Group/Bible classes (age 13-17)	
- Adults over 17	

8 Leadership / Staff

	Paid		Volunteer	
	Number	Est hours/week	Number	Est hours/week
- Ministers - National Ordained				
- Ministers - Local Ordained				
- Pastoral Care				
- Youth				
- Children				
- Administration				
- Other (please specify)				
	-	-	-	-

Guidelines to completing the Membership Statistics Form

1. Membership

Members are persons recognised by the church as:

- having been baptised and
- having professed publicly their faith in Jesus Christ and
- having expressed their intention to live their discipleship as part of the congregation.

Associate members: The list of associate members consists of persons recognised by the church as expressing their intention to be associated with the congregation.

Age of Members: This is an estimation of the age bands to which members belong.

2. Changes to the Roll

Changes to the membership role over the 12-month period to the balance date, including the addition of new members, and the removal of existing members due to death, transfer to another church or prolonged non-attendance.

3. Attendance at Worship

These figures are the *average* weekly attendance in June. Worship events include:

- regular Sunday worship
- weekday services
- youth worship events.

Only include events where worship is the primary focus. This excludes funerals, weddings or worship conducted in rest homes (unless it is a regular service and the people attending are members, associates or under the pastoral care of the congregation).

Total the attendance in June and divide that number by 4.3 (the average number of weeks per month over the year). Count each time a person attends, even if they worship more than once a week. If churches hold combined services, each church should include a proportion rather than duplicate numbers.

4. Baptisms

The number of baptisms of children and adults for the year.

5. Dedications

The number of dedications, usually of children, for the year ended 30 June. This includes services which may not formally be called dedications, but which involve parents or participants acknowledging God's claim on their life or the life of their children.

6. Confirmations/Professions of Faith

The number of people who, over the year to 30 June, have professed their faith or have been confirmed, leading to membership.

7. Christian Formation

This is the average weekly attendance during June. Activities which could be included in this definition are house groups, cell groups, study groups, network courses, alpha courses, Sunday School, Bible classes, choir, lectures, and study groups.

Please count a person for every event attended, even where they attend several events in a week. People who are involved in the preparation or running of an event should also be counted among those attending. Again, please total the attendance in June and divide that number by 4.3 (the average number of weeks per month over the year).

8. Leadership/Staff

This provides an indication of the human resources employed by or offering voluntary assistance to the church. The number of people in each of the listed roles is required, together with an estimate of the average number of hours worked in a normal week, over the year to 30 June, split between paid positions (including stipend, wages, salaries, and allowances) or voluntary placements.

If a minister, employee, or volunteer fill more than one of the listed roles, enter their primary role only. Leave the space blank if there is no placement in the listed position.

Voluntary positions may be defined as a person not on the church payroll and with no expectation of remuneration, although small gifts or koha may be given to volunteers.

1.7.2 Finance Statistics Form

The [Financial Statistics Form](#) is a summary of the church's year-end accounts and should reconcile with the statements of Financial Performance (Profit and Loss) and Financial Position (Balance Sheet).

The data is used to track changes in the financial performance and position of each church, and income data is used for the annual calculation of Assembly Assessment.

Note: The form indicates if the income and expense line item is included or exempt from Assembly Assessment calculation.

Financial Statistics Form

For the Year to 30 June 2022

Please refer to the guidelines for completing and forwarding this form

Parish Name: _____ Presbytery: _____

Completed by: _____ Date: _____

1. Statement of Financial Performance

Income

Included in Assembly Assessment calc (Y/N)

Grants and Donations Received

1	Offerings & Donations		Y
2	Charitable Appeals		N
3	Funds Received for Mission		N
4	Specific Funds Received for Capital Works		N
5	Other Grants		N
6	Government Wage Subsidy Received		N
7	Legacies and Bequests		N
8	Realised Capital Gain on Sale of Buildings		N
9	Property Income		Y
10	Investment Income		Y
11	Income from Services and Activities		Y
12	Sundry Income (Specify)		Y
Total Operating Income			A

Expenditure

13	Ministers Stipend and Allowances		N
14	Ministers Housing Costs		Y
15	Other Ministry Costs		N
16	Other Staff costs and Expenses		N
17	Property expenses		N
18	Administration and Office Expenses		N
19	Local Mission		N
20	Overseas Mission		N
21	Sundry Expenses (Specify)		N
Total Operating Expenditure			B

Operating Surplus/Deficit **A - B**

2. Statement of Financial Position

Assets

22	Land and Buildings		
23	Fixed Assets		
24	Cash and Investments		
25	Accounts Receivable		
Total Assets			C
26	Total Liabilities		D
27	Equity		C-D

Guidelines to completing the Financial Statistics Form

1. Offerings and Donations

All regular giving for the general purpose of the church, including envelope giving, general donations and special appeals for the purpose of meeting church operational expenses.

2. Charitable appeals

Money specifically raised or received for charitable appeals beyond the parish, not for church operations.

3. Funds received for Mission

Grants and donations received specifically for local and overseas mission purposes.

4. Specific Funds received for capital works

Money received for specific presbytery approved building projects, including the purchase or construction of a building, or the refurbishment or major maintenance of a building used for parish purposes.

The parish is to have a presbytery recommendation of the building project to the Church Property Trustees (CPT) and CPT approval prior to the receipt of funds for the building project. Funds received for the project should be separately identified at collection and properly accounted for. Proposals which involve expenditure of more than \$50,000 require presbytery approval.

If the above criteria are met then all funds that are raised will be eligible whether in reasonable anticipation of construction, to meet direct project costs, or to repay a loan that funded the building.

Note: if capital funds for building works are invested, the interest income earned on those funds is assessable income.

5. Other grants received

Any grants received for the purpose of funding church operations. Includes Press Go or Presbyterian Foundation grants. Does not include donations received.

6. Wage Subsidy received

Any funds received as part of the Government's Covid-19 wage subsidy scheme.

7. Legacies and bequests

All legacies and bequests, general or specific, from parishioners and others.

8. Realised capital gain on sale of property

Any gain received on the sale of church property.

9. Property income

Total income received from the rental or hire of manses, church buildings, and any properties held for the purpose of generating income (including revaluation of investment property).

Note: total property income should be recorded and should not be netted off against property costs. Property costs should be separately disclosed under "property expenses" (see 17 below).

10. Investment income

Interest and dividends earned on cash, shares, term deposits and investments, including Presbyterian Investment Fund deposits.

Note: if capital funds for building works are invested, the interest income earned on those funds should be reported here.

11. Income from services and activities

Income earned from activities such as opportunity shops and fairs, and income-generating services such as weddings or funerals.

12. Sundry income

Any other income or sundry receipts as reported in the Statement of Financial Performance that is not recorded in other income categories.

13. Ministers' stipend and allowances

Local and national ordained ministers' costs including gross stipend, seniority, reimbursing and other allowances (excluding housing allowance). For Presbyterian churches this entry will include the church contribution to the Ministers' Beneficiary Fund.

14. Ministers' housing costs

The gross amount of any housing allowance paid to a minister or rental expense paid to a third party and added to a minister's stipend package. This is recorded separately to other ministers' allowances as it is deducted from assessable income for calculation of Assembly Assessment.

15. Other Ministry Costs

Any costs of ministry that are not paid to the minister in the form of stipend and allowances. Include travel expenses (paid to a provider or by way of reimbursement) office or administration expenses incurred specifically by the minister (as opposed to the church office – refer note 16) and any employment costs (salary, allowance, and expenses) of non-ordained or supply ministry.

16. Other staff costs and expenses

Expenses relating to non-ministry or lay employees, including administration staff and child and youth workers. Includes gross salaries, wages and allowances, staff training expenses and reimbursement of expenses, ACC, and church-funded pension expenses. Excludes unpaid and volunteer expenses (refer note 17).

17. Property expenses

Expenses relating to the maintenance and operation of church buildings and any properties held for the purpose of generating income, including repairs and maintenance, rates, and insurance premiums. Excludes building purchase and improvement costs (which should be capitalised) and rental costs incurred on behalf of a minister.

18. Administration and office expenses

Office expenses, communications, computer costs, travel, depreciation, consultancy, Assembly Assessment and presbytery levies, and non-property related insurance premiums.

19. Local Mission

All expenditure for mission within New Zealand, including disaster relief, local mission projects and contributions and expenses excluding wages and salaries (Refer note 16) paid to volunteer and unpaid mission workers including child and youth workers. Local mission expense includes the on-payment of donations received for specific or general purpose New Zealand based mission projects, as well as grants paid from church funds.

20. Overseas Mission

Grants, donations, and mission expenses paid to overseas agencies, workers, or projects, including the on-payment of donations received for the purpose of overseas mission.

21. Sundry expenses

Any other expenditure incurred not already reflected above, including any Sunday school, youth, Bible Study, and worship costs.

22. Land and buildings

Land and property owned and operated by the Church, excluding investment property. A market valuation (Quotable Value) of building is preferred but if this is not available, a Rateable Valuation (RV) is acceptable. Do not use the insurance valuations for recording the value of buildings as these cover buildings only, not land. The entry should include the value of any mortgaged property.

23. Fixed assets

All capitalised and depreciating assets (motor vehicles, computer equipment, furniture, and fittings). Valuation is at net book value (cost less accumulation depreciation).

24. Cash and investments

Cash accounts and investments at balance date, including deposits in the Presbyterian Investment Fund and other financial institutions, shares, and the rateable value of any investment property owned by the church for the purpose of generating income.

25. Accounts receivable

Loans and accounts owed to the church at balance date.

26. Liabilities

Any amounts owed to third parties at balance date, including accounts payable, creditors, commitments, loans, and mortgages.

27. Equity

This is an accounting entry and is the difference between total assets and liabilities.

1.8 Audit and Review of Annual Accounts

1.8.1 Definitions

Linked here is an American overview of the difference between the [audits and reviews for non-profit organisations](#) and the value of having them done, even though it may not

be legally required. Please disregard the requirement thresholds as they do not apply in New Zealand. However, the definitions and application guidelines are relevant.

In summary, an audit and a review are both independent investigations of the processes, documentation and controls that support the information contained in the annual report. Both are completed by a chartered accountant or qualified auditor who will document their opinion that the report is a “true and fair” representation of the church’s financial performance and position. If the auditor or reviewer does not believe the report is a true and fair representation, they will offer a “qualified” or “adverse” opinion, stating the reasons why.

An independent financial review will generally be more limited in scope than an audit. A review will require less investigative input and therefore will be less expensive. The resulting reviewer opinion will possibly note any significant errors or misstatements in the report but will offer less surety on the true and fair representation than an audit opinion. Neither a review nor an audit will offer a guarantee that the reports are accurate.

1.8.2 Statutory Audit / Review Requirements

Similar to reporting standard tiers, the legal requirement to have annual accounts audited or reviewed is dependent on the annual operating expenditure of the church:

- PBEs including churches with annual expenditure over \$1 million per annum are required to have their annual financial statements audited.
- Churches with annual expenditure over \$500,000 per annum are required to have their annual accounts independently reviewed by a qualified accountant.

Most Presbyterian parishes will come under the \$500,000 expenditure threshold, so will not have a statutory requirement to be either reviewed or audited. However, many churches do have audits and independent financial reviews as an internal management control.

1.8.3 PCANZ Audit / Review Requirements

Section 5.2(4)(c) of the [Book of Order](#) states the congregation must:

...appoint a suitably qualified person to review or audit the accounts.

An audit is an option but is not compulsory and the church may choose to have an independent financial review. Note that unlike an independent financial review defined above, a “review” as defined in the Book of Order does not have to be done by a chartered accountant, but by a “suitably qualified” person.

If the church opts to have an audit, the auditor must be qualified. However, if a review is done and a chartered accountant is not appointed, these controls should be noted:

- The reviewer is appointed by and reports to the church council, which should have confidence the reviewer has adequate competence and experience.

- The reviewer may volunteer their service, but any paid remuneration is negotiated and agreed with the council in advance.
- If the reviewer is a member of the congregation, they should not be responsible for any of the treasurer's duties or have access to day-to-day cash management.
- It is advisable that for internal risk and control the reviewer (or auditor) should be changed every few years.

Documentation supporting reports is kept by the treasurer and must be made available to the auditor/reviewer, for example:

- supplier invoices with appropriate payment authorisation
- records of donations received
- bank deposit slips, bank statements and reconciliations
- wage records
- access to the general ledger including journal adjustments with supporting explanations
- if maintained, the fixed asset register, showing additions, disposals, and depreciation of assets.

Parish Financial Review Certificate

If accounts are audited, an audit opinion will be issued. If a review is done a [Financial Review Certificate P6](#) is completed and signed by the reviewer. This is simply an indication that the reviewer is satisfied with the processes and documentation that support the financial report. As with an audit report it is not a guarantee of report accuracy but offers limited surety to church governors.

This form is attached to the annual report for agreement by the council and by the congregation at the AGM and a copy sent to the Assembly Office as an attachment to the completed statistics forms. While it is an Assembly Office requirement that a written report from the review is completed, it does not necessarily follow that it has to be done on this form. The reviewer's own letter or letterhead will suffice.

FINANCIAL REVIEW CERTIFICATE

Parish/ Trust name: Charity Number.....

Forms Completed By.....

Of (if applicable)

Address:

Phone: Email:

I/We.....

have undertaken a review of the financial accounts of the
..... Parish/Trust in accordance with PCANZ
ICCP (*Internal Control Checking Process*). As a result of this review, I am/we are
satisfied that the financial reports which have been presented to the Parish/Trust
meeting fairly set out the Receipts and Payments/Trial Balance for the year ended
...../...../.....

Signed..... Signed.....

Date..... Date.....

Notes:

- (1) The review of the Parish Accounts is important to safeguard the treasurer and council by ensuring that adequate financial records and financial reporting have been maintained. The Presbyterian Church of Aotearoa New Zealand requires all Parishes to have this form completed by the person who undertakes the review of the Parish financial records.
- (2) The reviewer above has received approval from AES (*Assembly Executive Secretary*) in accordance with the Book of Order.
- (3) It is acknowledged that completion of this form does not guarantee the accuracy of the finance reports but offered limited assurance of adequacy of reporting processes.
- (4) If the person who reviews the Parish/Trust financial records prepares their own financial review certificate, please attach a copy of that certificate to this form.

1.9 Tax Liabilities and Rates on Church Property

Refer: [Non-Profit Organisations tab of the IRD website homepage](#) and

[Inter-Church Bureau GST, FBT and Tax Guidelines for Churches](#)

All churches are legal entities and have tax obligations. Churches should be registered with the Inland Revenue Department (IRD) and have an IRD number. Trusts and activities that are controlled by the church may have separate IRD registration or come under the church registration as a single entity.

1.9.1 Income Tax

As registered charities (refer [1.5.1](#)), churches are exempt from Income Tax on operating surpluses.

1.9.2 Pay As You Earn (PAYE)

Refer: IRD information on employer responsibility regarding [PAYE deductions](#) and [returns information](#)

On the commencement of employment, you should obtain a completed [tax declaration form \(IR330\)](#) from each employee.

- PAYE on stipend and wages is calculated using [tables](#) supplied by Inland Revenue.
- Remittance must be made to Inland Revenue before the due date. For most churches this will be the 5th of the month for PAYE deducted throughout the preceding month (only churches with an annual turnover of \$500,000 or more are required to file returns on the 5th and 20th of each month.) Payments may be done manually or electronically using the IRD employer deductions form [IR345](#) as supporting documentation.

1.9.3 Goods and Services Tax (GST)

Refer: Inland Revenue information on [GST for non-profit organisations](#)

Inter Church Bureau guide to [Inter Church Bureau GST and FBT guideline](#)

The above link is to a document issued by the [Inter Church Bureau](#) (Formerly known as the Inter Church Working Party on Taxation) dated August 2017. It offers a guideline on church treatment of GST. This document is not intended as a definitive explanation of GST but as a supplement to publications issued by Inland Revenue. The key points are summarised:

The following package was agreed with the Government and where necessary, incorporated into the provisions of the Goods and Services Tax Act 1985.

- (a) *Church entities could voluntarily register for GST. This was not compulsory but was highly recommended since, without registration, church entities, having paid GST on the goods and services purchased, would be unable*

to claim those amounts back. In other words, they would have become taxpayers for the first time in breach of the Government's "no worse off" commitment.

- (b) *When a church entity is registered, it would list its principal taxable activity as "the advancement of religion."*

Note: *It is vitally important that registration is made on that basis since "the advancement of religion" is a catch-all for a church entity's activities. Registration under a more restricted heading, e.g. "hall rental," would restrict the scope of the input tax that can be claimed to only those input taxes associated with the hall building.*

- (c) *GST would not apply to unconditional gifts and donations received by church entities since such gifts are neither "goods" nor "services" as those terms are interpreted in the Goods and Services Tax Act.*

- (d) *In order to claim, and continue to claim, GST refunds, church entities would, however, also need to undertake "taxable supplies" and pay GST on a "continuous" or "regular" basis (even though the taxable activity of "the advancement of religion" is continuous).*

*This test is satisfied if the church entity concerned **returns GST on wedding or funeral fees** or on goods or services sold on a regular basis, even if that supply is infrequent, and even if it is a small amount of money. For example, this test, which is a prerequisite of the continuing ability of a church entity to receive GST refunds on a continuous basis, is satisfied if Christmas cards or calendars are sold just once a year; or the church hall is hired out on a regular basis, or Christian publications are sold on a weekly or monthly basis.*

GST on income (output tax)

GST is charged on "taxable supplies" provided by a church to a third party. Taxable supplies include the provision of goods and services:

- sale of goods (except donated goods)
- income earned from services performed (the conducting of wedding or funeral services, or the hire of property or equipment).

In most cases, a large portion of church income would not qualify as taxable supply and would not be subject to GST, for example:

- donations received
- interest on investments
- sale of donated goods and services.

GST on expenses (input tax)

GST may be claimed on expenses incurred in providing services other than those for which the income is “exempt.”

If the church is GST-registered, is generating income from taxable supplies, and incurs costs that are associated with making those taxable supplies, then GST on those expenses may be claimed. For example, if taxable income is generated from the use of a hall hired to the public, then the GST portion of costs associated with the property may be claimed:

- repairs, maintenance, and property costs
- phone and computer costs
- capital costs on buildings (building improvements and extensions).

Expenses that do not have GST cannot be claimed. These include:

- salaries and stipends
- staff allowances
- depreciation and interest
- expenses associated with a manse or building that does not generate taxable income
- grants and donations paid.

GST returns

GST returns are usually made monthly although they may be made at two- or six-monthly intervals. It is efficient to establish an electronic return system using [GST Return Form 101](#). Accumulated input and output tax are offset to calculate the amount payable to or receivable from Inland Revenue. If GST on taxable expenditure (input tax) exceeds GST on supplies made (output tax), then the balance will be a calculated GST refund receivable from Inland Revenue.

GST returns are subject to Inland Revenue audit, so documentation in the form of church invoices and supplier invoices and receipts should be kept for a period of seven years. Note that documentation is not required where the expenditure does not exceed \$50.

1.9.4 ESCT (Employer Superannuation Contribution Tax)

Refer: [IRD Guideline on ESCT calculation and payment](#) and section [3.3.5](#) (Ministers' Beneficiary Fund)

1.9.5 Tax Treatment of Cash Receipts and Koha

The basic test of the receipt of gifts of funds or koha relates to services provided by the minister (or another person). Where money is received in exchange for services provided (weddings/funerals) by a minister (or other person) then that is income and needs to be taxed.

In a situation where a minister receives a stipend or wage for a full-time job where there is an expectation that they will conduct weddings or funerals, for example, as part of that work, and pays tax on that stipend or wage, then as long as tax is paid, they have fulfilled their responsibilities to Inland Revenue. Any other money given to that person, at say a funeral or wedding could be regarded as a non-taxable gift.

Ideally a person receiving some sort of gift in these circumstances will have:

- clarified with their employer or parish how such gifts should be treated
- clarified with the giver of gifts whether the gift is intended for them personally or is a donation or gift for the church.

In a situation where a minister depended on deriving their income from gifts of payments for services provided, then this income would need to be declared.

If a beneficiary of the gift or koha was receiving an unemployment benefit, and they advertised or promoted their services for the purposes of receiving some financial benefit then that person would need to declare that gift or koha as income.

If, on the other hand, the beneficiary was invited by family or friends to conduct a wedding for which they received some money, then that money may or may not be treated as a gift depending on the circumstances. If this person was doing this regularly, or where there was any suggestion of some sort of contract (“if you conduct this service then we will pay you”) or where the person indicated an amount which they should be paid, then we move from gift to income.

In a situation where a person receives money or goods through the compassion, concern, or generosity of another and not because of any service that person has provided, then that would not be considered a payment but a gift.

There may be grey areas here – every situation involves some question about the intention of the payer and payee, the nature, and expectations of the transaction, etc., and it is in this grey area which the IRD might show some allowance for cultural subtleties. However, the IRD is going to look with concern on any situation where an individual expects payment for a service they provide and for which no income tax is paid. In a situation where a regular offering is given for services provided by a minister then it is likely the IRD will view that income as taxable. The fact that it is regularly anticipated and relates directly to the provision of a service suggests it should be declared as income.

1.9.6 Rates on Church Property

Refer: [InterChurch Bureau guideline on Local Authority rates on church property](#)
[Local Government \(Rating Act\) 2002](#)

Under the Local Government (Rating) Act 2002, church property is exempt from general rates imposed by local authorities. The Act contains conditions to this exemption:

- It applies to general rates only and does not extend to targeted rates such as water or any other specific levies.
- Church lands and buildings must be used at least 50% for the purpose of religious worship or education.

An extract from the [InterChurch Bureau guideline](#) follows:

The application of the law

It is the Church's understanding that if church land is used solely or principally for the purpose of religious worship and/or as a Sunday school or other form of religious education, then the land is fully exempt for general rates. Therefore:

(a) Places of religious worship such as churches and chapels, which meet the test set out above, are fully non-rateable.

(b) If church land is not used on a Sunday for religious education (Sunday school) but is used during the week for a mix of religious education and other community activities, then so long as the religious education activities constitute more than 50% of the use of the property by time or by space, then the property would be considered fully non-rateable.

(c) If church land is used for Sunday school on a Sunday and is not used for any other use during the week, then the property would be considered fully non-rateable.

(d) If church land is used both on a Sunday (for Sunday School) and also during the week for a mix of religious education and other community activities, and the Sunday School and RE uses combined are more than 50% of the total use by time, then the property would be considered fully non-rateable.

e) This also applies to church buildings which are used for a mixture of religious worship, religious education, and other purposes such as administration. They are also fully non-rateable if religious worship or religious education (or both together), comprise more than 50% of use by time or by space, although, as set out in the example above, the Local Authority could opt to separate out that part of the building used for administration as a different rateable part of the rating unit.

1.10 Assembly Assessment

1.10.1 Obligations of the Church

Assembly Assessment (AA) is a levy placed on churches by the Assembly Office and is used to fund the mission, leadership, governance, and mission activities of General Assembly. Refer: [2016 PCANZ General Assembly annual report](#) for details.

It is a Book of Order requirement ([BOO](#), 14.11(i)) that churches pay Assembly Assessment, although there is a process in place for the Resource Sub-committee of the Council of Assembly to review billings if a church is unable to pay the full amount.

1.10.2 Assembly Assessment Calculation

Assembly Assessment is calculated each financial year by Financial Services Department and charged to Presbyterian Churches monthly. The amount is based on General Assembly budget funding requirements approved by the Council of Assembly and the calculation uses church membership and accessible income data as reported in church statistics for the period to the previous year ending 30 June.

The 2021-2022 Assembly Assessment is:

Budget AA requirement 2021-2022	\$2,121,000
AA based on membership (50%)	\$1,060,500
Total membership (from 2020 statistics)	20,285
AA per member	\$52.25
AA based on accessible income (%)	\$1,060,500
Total assessable income	\$39,491,895
AA as a percentage of income	2.68%

Accessible income is total church income as reported as per the church's financial accounts, less deductions for items that are excluded from the AA calculation:

- grants and donations received specifically for mission work (line 3 of Financial Statistics Form)
- grants and donations received for building projects (line 4)
- other grants received (line 5)
- income from legacies and bequests (line 6)
- Minister's housing expenses (line 12).

Using the formula of \$52.25 per member plus 2.68% of accessible income, the calculation for a church with (for example) membership of 84 and accessible income of \$157,695 is:

Accessible Income

Total income (as per finance report and church statistics)	\$205,150
Less items not included in the calculation	
Fund received for mission purposes	(\$16,955)
Funds received for capital works	-
Other grants received	(\$10,000)
Legacies and bequests	(\$5,000)
Ministers housing expense	<u>(\$15,500)</u>
Accessible income	\$157,695

AA Calculation

Accessible income	\$157,695	2.68%	\$4,226.22
Membership	84	\$52.25	<u>\$4,389.00</u>
Calculated assembly assessment			\$8,615.22
Calculated AA as a % of income (\$8,615.22/\$157,695)			5.46%
Maximum Charging Range			4% - 8%
Annual levy based on charging range			\$8,615.22
GST			<u>\$1,292.28</u>
Annual Levy			\$9,907.50
Monthly billing			\$825.63

Note there is an upper and lower limit (4% and 8%) of AA as a proportion of accessible income. This is to weight the calculation towards income and away from membership variables, as this is seen as a more equitable calculation.

1.11 Church property

Refer: [Church Property Handbook](#)

1.11.1 Property responsibilities of the Church Council

The property responsibilities of the church council are set out primarily in [Book of Order](#) chapter 16.3, and the supplementary provisions for chapter 16. In major property matters, the church council can act only on the authority of the congregation itself, that is, a congregational meeting must be called (refer [BOO](#), 5.2(4) (d)).

In practice, it is appropriate for approval for property expenditure to be sought at the annual meeting, as part of gaining approval for the next year's budget. (The budget, as well as the financial statements, must be approved at the annual general meeting.) Unbudgeted major expenditure will require approval by a separate congregational meeting.

The property responsibilities of the church council are normally delegated to a board of managers or a property/finance committee. The board of managers has the status of a committee that is subordinate to the session/parish council. The board of managers or property committee must give weight to the views of the minister or local ministry team, and the session/parish council may reverse or alter any decision of the managers. If the session makes a decision that affects the board of managers, it must formally advise the managers. (Refer [BOO](#), 7.15(2) and 7.21.)

1.11.2 Major building proposals

Before proceeding with any proposal relating to property (alter/extend/buy/sell/lease or use capital funds for these purposes), which will cost more than \$50,000, the church council must obtain the approval of the congregation, the presbytery and the Church Property Trustees or the Synod of Otago and Southland. Application forms are available directly from the Trustees or the Synod. Church councils are encouraged to discuss their property proposals with the Trustees Office while projects are still at the concept stage when advice can be given on how best to proceed to obtain the necessary approvals.

The process for a church council to obtain property or financial approvals is set out in the Property Handbook, or (for southern parishes) in the procedures of the Synod of Otago and Southland. Applications are considered in terms of how the proposal will effectively further the mission of the Church.

Building proposals that will cost over \$200,000 also require a report from the Church Architecture Reference Group (CARG) before the presbytery can consider an application. It will save time if the church council contacts the nearest CARG regional group early in the process. Contact details may be requested from the Church Property Trustees.

The General Assembly has a policy that all property expenditure should serve the mission of the Church, and congregations will be asked to justify the cost of their proposals in these terms.

Sources of external funding

Borrowing

Any borrowing of over \$50,000 requires the prior approval of a congregational meeting, the presbytery and the Church Property Trustees or the Synod of Otago and Southland. Generally, the congregation is expected to have at least 50% of the total project cost in hand, or pledged, before borrowing will be approved.

Any borrowing, regardless of the amount, that is to be secured by mortgage, requires approval of the congregation, Presbytery, and the Trustees.

Even if the borrowing is not to be secured by way of a mortgage, e.g., if church members offer interest-free, unsecured loans, these approvals must still be obtained.

Christian Savings (CS) is the usual source of larger church loans. The church council may contact CS to ascertain the likelihood of securing a loan before an application is made for approval to borrow. Phone CS on 09 582 0037, or write to PO Box 12 738, Penrose, Auckland 1642.

A loan will be secured against one of the congregation's properties, e.g., church or manse. Because title to all Presbyterian property is registered in the name of either The Presbyterian Church Property Trustees or The Otago Foundation Trust Board, the trustees of one of these bodies must sign the mortgage documents.

See the Property Handbook for details of the general procedures. Contact the Church Property Trustees trustees@presbyterian.org.nz or the Synod of Otago and Southland synod.otago.southland@xtra.co.nz for advice and application forms.

Community trusts

Church councils do not require approval from the higher courts of the Church to seek grants from community trusts, that are not funded from gaming.

Lottery grants and any community trust grants funded from gaming.

If a church council wishes to apply to the Lottery Grants Board for major funding, for example, for a building project, the approval of the congregation, the presbytery and the Church Property Trustees, or the Synod of Otago and Southland must first be obtained, as they will be required to co-sign the application form to the Lottery Grants Board.

Section 10 of the Property Handbook sets out the criteria for approval by the Church Property Trustees. Building project applications will be considered only if most of the use of the building will be for groups or organisations that are not part of the

congregation. Alterations to a church are not generally given approval, unless it has a heritage value that is supported by the community.

Southern Presbytery congregations should contact the Synod of Otago and Southland, whose criteria may vary slightly from those of the Church Property Trustees.

1.11.3 Proceeds from the sale of church property

When a congregation sells a property, the capital (net proceeds after costs have been deducted) is held by the Church Property Trustees in the Presbyterian Investment Fund. (This does not apply to Southern Presbytery parishes.)

The income from the invested funds may be used for any purpose the church council wishes, but use of the capital is restricted and requires an application to the Trustees. Email trustees@presbyterian.org.nz for application forms. The general restrictions on the use of capital funds are set out in the [Property Handbook](#).

1.11.4 Property insurance

Refer: PCANZ [insurance information](#)

Church property must be maintained and adequately insured

The [Book of Order](#) in Chapter 16 states that the church council is responsible for the management and administration of all property of the congregation. It must do everything necessary or appropriate for the use and management of all property associated with the life, worship and the mission of the congregation including:

- the care and maintenance of all property
- the provision of adequate insurance cover on all property.

Basic principles that apply

The Church's First Principles acknowledge that everyone who makes decisions about property or finance within the Church is a "trustee" and that these decisions must keep faith with the long-term interests of the whole Church. Parishes must always bear in mind that we are a Church with a common ministry and should not focus exclusively on local concerns.

Because insurance decisions can impact the whole Church, it is important when thinking about insurance to consider:

- the ability to reinstate Church property after a disaster; and
- protecting the value of a property for both the parish and the Church as a whole.

The [Book of Order](#) requires the Trustees to ensure the proper management of congregation property and assets by church councils in accordance with the rules of the Church. These rules are set out in the Book of Order and various other handbooks

and guidelines. This includes the proper management of property in a way so as to maintain the value of the resources for both current and future use and benefit of the whole Church.

Managing risk through insurance is an important part of the proper management of a congregation's property and assets. Under the Book of Order, a congregation must have adequate insurance on all its property.

The Trustees consider "adequate insurance" as that which covers all normally insurable property and contents risks, including fire and natural disaster (which includes earthquake), at **replacement value**. Full replacement cover is required throughout the insurance period and during any period of reconstruction following an incident. This should also include cover for demolition costs. Contract works insurance will usually be required during any period of building or major alterations.

Insuring for less than replacement value requires special permission

A decision by a church council to insure a building for less than replacement value requires the approval of the Trustees. As with any property-related matter, the decision must be supported and approved by the congregation and Presbytery before being submitted to the Trustees for approval.

The Trustees will consider specific variations to the requirement to insure at full replacement on a case-by-case basis. Applications for the Trustees' approval must be received well in advance of the commencement date for the proposed insurance arrangements.

When considering an application, the Trustees will look at:

- the long-term value of the building to the congregation; and
- the value of the building to the church as a whole if it was sold.

For this reason, the Trustees are unlikely to approve less than replacement value insurance for church buildings that have material value, simply because the current parish cannot afford the replacement insurance premium.

Note: Any approval by the Trustees to insure a building for less than full replacement value will be valid for a period of five years. Further approval will have to be obtained if the reduced cover is to continue beyond that period so that both the parish and Presbytery are aware of this decision.

Who can provide insurance cover?

While the Trustees recommend using Crombie Lockwood Limited (see below), they will accept alternative insurance cover arranged by parishes, provided the arrangements (i.e., cover type, agreed cover amounts, deductibles, policy terms and insurer) are approved by the Trustees.

These insurance responsibilities also apply to presbyteries that take over Church properties due to the dissolution of parishes and to campsite committees in respect of their buildings.

Money received from substantial losses covered by insurance claims will be held by the Trustees in parish Presbyterian Investment Fund property accounts. Insurance claim settlement proceeds will be available to the congregation to pay for reinstatement works (where appropriate) or otherwise for an approved purpose in accordance with the Supplementary Provisions.

Presbyterian Church Insurance Collective (PCIC)

The Church operates an insurance collective known as the Presbyterian Church Insurance Collective (PCIC) for the placement of all insurances applicable to congregations and the Church.

The brokers for the PCIC are Crombie Lockwood (New Zealand) Limited. Crombie Lockwood provides full administrative support including the management of the church's property insurance database, valuations, billings, and claims, together with insurance packages tailored to the needs of individual parishes. The PCIC provides congregations with access to insurance cover for properties on terms acceptable to the Trustees and, given the purchasing power of the congregations as a combined purchaser, at competitive rates.

The PCIC is managed by a registered charitable trust known as the Presbyterian Bureau Services Trust Board (PBST). The trustees of PBST are appointed by the Church Trustees. The PBST operates under the oversight of the Church Trustees.

Participation by congregations in the PCIC is not mandatory. The decision as to the cover to be taken and the insurer lies with the church council (subject to satisfying the Trustees that the cover taken is adequate). Premium payment options offered through the Church's insurance brokers, Crombie Lockwood (NZ) Limited, may assist parishes with cash flow issues.

However, participation in the PCIC is strongly recommended as the 'one for all' ethos underpinning the PCIC does allow congregations to acquire insurance cover on good terms over the medium-to-longer term. The PCIC also provides a level of risk-sharing that allows cover to be placed at reasonable rates and, following a good year, allows surpluses to be carried over as a subsidy for subsequent years' premiums.

The PCIC also arranges liability and other insurances for the church, which includes public liability and professional indemnity covers arranged on a whole-of-church basis. Property cover for full replacement value taken through the PCIC does not need the Trustees' approval. Property cover taken through the PCIC for less than full replacement only requires the Trustees' approval as to the type and/or amount of cover taken.

Property cover taken outside of the PCIC needs Trustees' approval as to all aspects of the cover including cover type, agreed cover amounts, deductibles, policy terms and insurer.

Insurance checklist:

1. If all property is insured for full replacement:
 - Are you certain **all** your property (buildings and contents) is included?
 - Are you insuring through the PCIC?

If the answer to both of the above is yes, nothing further is required.

2. If you are insuring all your property for full replacement but not through the PCIC:
 - Are you certain **all** your property (buildings and contents) is included?
 - Have you sent the alternative policy details to the Trustees for their approval at least one month before the placement of cover is required?
 - Have you received Trustees' approval?

If the answer to each of the above is yes, nothing further is required. If not, these checkpoints must be attended to.

3. If you are not insuring all property for full replacement:

Have the following approvals been obtained:

- Congregation
 - Presbytery
 - Trustees
-
- Are all these approvals less than 5 years old?

If the answer to each of the above is yes, nothing further is required. If not, these checkpoints must be attended to.

For further information, contact:

Russell Garrett, Executive Officer – **Church Property Trustees**
(04) 381 8296; russell@presbyterian.org.nz

Steve Walsham of **Crombie Lockwood Ltd**
(09) 357 4883; steve.walsham@crombielockwood.co.nz

2 PRODUCTS AND SERVICES AVAILABLE TO PRESBYTERIAN AND COOPERATING CHURCHES

As outlined in this document, the administration responsibilities faced by churches are significant and the risks associated with employment, reporting and tax compliance lies with churches. Unlike some other denominations PCANZ does not have the resources to assume administrative responsibility on behalf of churches. However, the Assembly Office can advise of several options for support and guidance that are available.

2.1 General Assembly Products and Services

Refer: PCANZ [Treasurers' information page](#)

2.1.1 Employment matters

Please refer to Part 2 of the Church Management Support Guide for employment matters

2.1.2 Finance and administration

Please contact the Finance Team at PCANZ if you have any questions relating to finance and administration. Email michaela@presbyterian.org.nz

2.1.3 Treasurers' newsletters

Financial Services Department of PCANZ issues a monthly treasurers' newsletter to update readers on changes to statutory requirements, product offers and advises on General Assembly matters. Readership is not limited to treasurers and currently numbers about 380. Please advise FSD if you wish to be added to the mailing list. [Back copies of the newsletter](#) are posted on the PCANZ website.

2.1.4 Online Church Directory

The publications page of the PCANZ website contains an [Online Church Directory](#), which lists General Assembly, presbytery, and parish details as well of that of key contacts.

2.1.5 Presbyterian Foundation Grants

The [Presbyterian Foundation](#) page of the website contains information about the criteria and application process for Presbyterian Foundation grants. Established by the 1996 General Assembly, The Presbyterian Foundation is a trust fund created from donated funds from which interest is distributed for the benefit of churches to:

- provide monies for the ongoing regional and other mission of the Church, and
- facilitate the development of innovative mission opportunity that is conceived at a local and regional level.

Available interest income allows for the distribution of about \$100,000 in grants per year. Applications are considered by a Presbyterian Foundation committee and grants are made annually in November.

2.1.6 Press Go

[Press Go](#) is a church funding and advisory service that is managed by a Press Go enabler and overseen by a committee consisting of members of Council of Assembly, Resource Sub-committee, the Assembly Executive Secretary, and outside consultants. Since its inception in 2008, Press Go has facilitated grants to churches totaling some \$1.75m for mission and capital projects and facilitated a further \$300,000 in loans through partner organisation, Christian Savings.

Refer to the [Press Go webpage](#) for information on criteria and application process.

2.2 General Assembly Partner Organisations

2.2.1 Inter Church Bureau

Refer: [Inter Church Bureau website](#)

The Inter Church Bureau (ICB) (formerly known as the Inter Church Working Party on Taxation) is a committee of denominational representatives tasked with investigating, explaining and (occasionally) influencing legislation and statutory requirements that impact on churches in New Zealand. Much of the material contained in the document is based on guidelines issued by ICB (for example, Workplace Health and Safety guidelines) and ICB has made submissions to select committees and legislators during the drafting of legislation on financial reporting standards and tax on clergy housing.

2.2.2 Christian Savings

Refer: [Christian Savings website](#)

Over the past two years Christian Savings have become a valuable partner for PCANZ, both for the investment of reserves and the provision of property and investment advice and plans. Formerly known as Baptist Savings, Christian Savings rebranded in 2016 to reflect their support of churches from all denominations. With a range of loan and deposit options available to churches, Christian Savings is compliant with the Financial Market Authority's regulations as deposit takers and have grown to the extent that they are now New Zealand's largest Christian deposit taker, and the only remaining non-bank charitable deposit taker licensed by the Reserve Bank of New Zealand.

In addition to church loans and deposits, an important part of Christian Savings service is the provision of advice and guidance to churches on property and investments, strategic planning, and building project feasibility and management.

2.2.3 Laurensen Chartered Accountants

Refer: [Laurensen Chartered Accountants](#)

Laurensen Chartered Accountants are PCANZ Xero agent (refer section [1.2.2](#)). About 200 PCANZ or UCANZ parishes that use Xero take advantage of the charities license pricing available with this agency, as well as the set-up and support offered by Laurensen. In addition, PCANZ office has an offer to underwrite guidance offered by Laurensen in the production of annual accounts during the transition to the new accounting standards. This offer is open to Presbyterian and cooperating churches regardless of whether the applying church uses Xero or not.

2.2.4 Church and Trust Accounting Services Limited (CATAS)

Refer: [Church and Trust Accounting Services website](#)

CATAS is experienced in church finance and administration services tailored to the requirements of the church. Services include church payroll, accounting and financial reporting using Xero accounting software, and it offers a comprehensive advisory service. CATAS charges at an hourly rate and payment plans may be made on a monthly basis or as costs are incurred.

CATAS is affiliated to the Baptist church, but its services are offered to churches of all denominations.

2.2.5 CSC Buying Group

Refer: [CSC \(Christian Supply Chain\) Buying Group website](#)

CSC Buying Group New Zealand offers product price discounts and member benefits to churches and ministers. There are a range of price offers from many suppliers under the following categories:

- Automotive
- Building and Maintenance
- Food Service
- Hygiene and Safety
- Office Requirements
- General.

A full catalogue of supplier discount offers can be accessed [here](#). Please go to the CSC website above for details and application for membership.

As an alternative, churches, ministers, church staff and parishioners are entitled to price discounts offered by suppliers listed on a CSC-issued Presbyterian Church member discount card:



There is no application process or fees. Cards can be obtained on enquiry to PCANZ [General Assembly office](#).

2.2.6 Nice 1

Refer: [Nice 1 website](#)

Nice 1 is the agency that manages bulk pricing discount offers on church power schemes. In 2016 Presbyterian churches were offered participation in an online survey of church power use, with a view to bulk purchasing from power providers at a cost saving. That exercise resulted in responses from 196 churches, who achieved an average of 21% projected power cost savings in 2017.

The offer of participation remains open to churches and now expanded to include church staff and parishioners. Refer to the [Nice 1 website](#) for further detail.

2.2.7 Infoodle

Refer: [infoodle.com](#)

Infoodle is an online tool designed specifically to support the administration of churches, charities, and community groups. As a cloud-based product it integrates with Xero and has modules for managing events, membership, donation tracking and forms. There is a 14-day free trial offer and close backup and support. Go to the [website](#) for further information.