# Instructions for Master Revenue and Expense Calculations

The following instructions have been prepared as a supplement to the 2021 Instruction Booklet to explain how the Year Book Office does a "workup" of the Financial forms (Section 5) from the Annual Report of the congregation / charge.

**This set of Instructions is geared for all charges whether single point or multi-point.**

**The instructions do not cover every possible situation; if you have a question which is not addressed by these suggestions, please feel free to contact the Statistics office.**

The instructions are in the body of this e-mail.

These instructions (especially for calculating B.3) do not work so well in the case of some charges where the Income and Expense statements may be prepared by a chartered accountant. In financials prepared by a chartered accountant, the Expense totals may not include any Capital Expenses, since these are not deemed to be "expenses", they are considered Capital improvements.

In these kinds of financial statements, the Capital Expenses appear on the Balance Sheet, as an increase in the Fixed Assets of the Church. If this is the case for the Income and Expense pages of your churches,

then it is a bit more complicated to determine the total expenses, and I would suggest that you contact us.

Best wishes,

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## General Instructions

## How to do Section 5 from Congregation's Annual Reports

Our overall process is (roughly) as follows:

a) We suggest that you put all the figures on a Microsoft Excel spreadsheet, or some other spreadsheet,

 if possible. (Please visit <https://united-church.ca/search/all?search_api_fulltext=statistics> and click on [Statistics: Master Revenue and Expense Calculations for Communities of Faith](https://united-church.ca/sites/default/files/2021-02/master-revenue-expense-calculations-cof.xlsx) for the form used by the Year Book Office).

b) Use all the major 2021 Income & Expense pages from your Annual Report (including UCW and Trustees as an example).

c) One **Column** on the spreadsheet has been set up for each significant Fund (you can rename the columns to suit your specific requirements-what is on the form is a suggestion. Not all columns need to be used).

* one column for each Congregation’s Operating/General Account
* one column for each UCW or Women's Group
* one column for the Pastoral Charge Trustee’s Income and Expenses
* additional columns for any Funds with Major Activity, ie., Building Fund. *(Suggestion: include any Fund with activity over $1,000)*
* one column for the Central Treasurer
* there is one final **SUM column** at the end, to sum all the activity in the previous columns

d) **Rows** on the spreadsheet have been set up to reflect the lines which can be found in the statistical return

* a row has been set up which will sum all the Revenue
* a row has been set up which will sum all the Expenses
* a row has been set up for the “Expected Revenue” total for each column on the spreadsheet,

corresponding to the Revenue total reported in that account on the Annual Report

* a row has been set up for the “Expected Expenses” total for each column on the spreadsheet,

corresponding to the Expenses total reported in that account on the Annual Report

**The following instructions are designed to be used in the preparation of such a spreadsheet for your Charge**

## 1. Start with the Income/expense statements of each congregation

* don't count the Allocation from each congregation to the Pastoral charge (a line has been added to both the receipt and expenses sections where this figure can be added to help you balance back to your Annual Report).
* don't count transfers between funds (a line has been added to both the receipt and expenses sections where this figure can be added to help you balance back to your Annual Report).
* determine if M&S receipts are in Congregation Income in the Annual Report; (If not, either ADD it in, or create a separate column for it)
* determine if M&S remittance to the UCC is included in Congregation Expenses; (If yes, we suggest tracking it on the line which has been added to the expense section to help you balance back to your Annual Report). M&S remittances to the UCC are not included as an expense as they are loaded directly from the M&S system here and therefore should not be included a second time.
* **if donations go through the General account to other Funds** (eg., Memorial, Building), make sure they are recorded only ONCE, either in the General column, or in a specific column for that Fund

**EXAMPLES**

* add any relevant amounts for Memorial Funds  donation amounts under A1 or A4g.
* add any relevant amounts for Capital & Building funds *(same advice)* -- donation amount under A5a for ongoing capital funds and under A5b for new major capital building campaigns campaigns (one-time projects of an enduring nature costing more than $10,000)
* exclude from the Congregation Revenue any transfers from UCW to congregation

### Receipt or Revenue Amounts (A1-A6) *(for each Congregation)*

* all givings, including Annual Canvass & most donations --> in A1
* church rentals (net of expenses to earn the income) --> A4c
* "use of space" revenue, donations for weddings & funerals --> in A4c
* amounts received for directed givings or "flow-through" donations:
	+ if raised through congregational giving --> report under A1
	+ if raised through Fundraisers or other church organizations --> report under A3
* proceeds from sale of Manse, Church or Church property --> in A4e
* amount of estate bequests received in the current year --> in A4a
* fundraisers & amounts from organizations (net of expenses to earn the income) --> in A3
* amounts received for Building or Capital funds --> in A5a and A5b
* misc. amounts --> to A4 (or to A3 if the Charge has already counted these items under A3)
* items such as GST (remittance & rebates) & Observer subscriptions can either:

be netted out in equal amounts from both Receipts & Expenses, or

Receipts can be counted under A4, Expenses under B3

* the maturing or cashing of a GIC, or other investment vehicle, should not be reported on the Blue Forms as Income, and should be excluded from the Revenue total
* for question A6, "amount of loans received during the year", do NOT include or report any amounts borrowed from the Charge's Trustees or any other organization of the pastoral charge. Also, do not include or report lines of credit. We are only concerned with the amount borrowed from external sources.

### Expense Amounts (B1-B9) *(for each Congregation)*

* the allocation amount to the Central Treasurer should not be counted in the Congregation Expenses,
* since it will be counted later, when it is spent by the Charge treasurer *(the spreadsheet has been set up so that the allocation amount is added below the Expense to help balance to your Annual Report).*
* donations to specific charities or causes --> to B1 or B2
	1. if the money is being sent for United Church appeals put in B1.
	2. if it is not known to be a UCC charity/institution, put the amount in B2
* salary for caretaker or organist --> in B4
* if the local congregation pays a secretary/administrator/treasurer, enter also under B4
* debt principal and interest re-payment --> in B9
* Capital expenses/major repairs --> in B8 ***(use the 5-year criterion -- is it intended to last for 5 year or more and cost more than $1000?)***
* again, wherever possible, please include "Transfers Out" to other Funds or Accounts on the line provided at the bottom of the expense section to allow you to balance to your Annual Report.
* for Yearbook purposes, the purchase of a GIC (or other investment vehicle) should not be
* reported on the Blue Forms as an Expense - a line has been provided at the bottom of the expense section to allow you to balance to your Annual Report.
* **Calculation of B3 (Operating Expenses) for a specific Congregation**
* "the rest" of the Expenses can usually be entered --> in B3
* *(In other words: After all the specific amounts are entered in B1-B2 & B4-B9, and to M&S,*
* *all expenses that remains should be entered in B3.)*
* thus, the total of Expense on the Year Book spreadsheet for an account/Fund should be equal
* to the total as reported for that Fund/Account in the Charge Annual Report.

When congregations pay an allocation to a Central Treasurer, they usually don't have amounts in their own column of expenses for Minister salary or allowances (B5a, B5b, B6, B7). These expense usually take place at the pastoral charge level.

## 2. UCW (or Women's group) calculations for each congregation

### Income

* + report the Total receipts for the UCW (or other Women's groups) under A2, **NET** of expenses incurred to raise the funds
	+ if opening Bank Balance is included under total receipts, remove it from the total

### Expenses

* donations made by the UCW to specific charities or causes --> to B1 or B2 (if it is a UCC appeal (i.e., Typhoon Hayain, Haiti) put in B1, otherwise, put in B2)
	+ don’t report donations to the M&S Fund under B1-B9, since they are input directly from the M&S system and therefore should not be included a second time. A line which has been added to the expense section to help you balance back to your Annual Report.
	+ don't report amounts given by the UCW to the Church Treasurer or to the congregation or PC. A line which has been added to the expense section to help you balance back to your Annual Report.
	+ all remaining UCW/Women's expenses ->report under B3k of the UCW column (for each congregation)

## 3. Do the Pastoral Charge Account (Revenue & Expenses)

Income*(see the guidelines for classifying Revenue items, as above for congregations)*

* allocations from congregation to the Central Treasurer are NOT counted as income (put amount on line provided to balance back to Annual Report)
* there may be some financial income (eg, Manse Fund interest) --> put in A4f
* any Charge Fundraisers (net of the expenses to raise the income) go in A3
* for question A6, "amount of loans received during the year", do NOT include or report

any amounts borrowed from the Charge's Trustees or any other organization of the

pastoral charge. Also, do not include or report lines of credit. We are only concerned with

amount borrowed from external sources.

Expenses*(see the guidelines for classifying Expense items, as above for congregations)*

* + report Minister salaries & housing for 1st minister --> B5a, B5b, 5BComprehensive
	+ report Minister salaries & housing for all other ministry personnel --> B6a, B6b, B6 Comprehensive
	+ report Travel expenses for all ministry personnel --> B7
	+ donations from the Charge to specific charities or causes --> to B1 or B2

 *(as per the guidelines mentioned above for congregations)*

* + church secretary/administrator --> usually should be in B4a
	+ debt principal and interest repayment --> report in B9
	+ Capital expenses/repairs --> in B8 ***(use the 5-year criterion -- is it intended to last for 5 year or more and costs more than $1,000?)***
	+ **"the rest" of the Expenses should be reported in B3,** i.e., for the General column of the Charge figures, enter all other specific expenses in B1-2, B4-9, M&S
	+ then subtract these figures from the Total Expense on the Charge Income and Expense page
	+ this calculated difference figure (Total Expenses **minus** B1-B2, B4-B9, M&S)
	+ should go in B3 in the General column for the Charge on the applicable lines.

## 4. Enter the Income & Expenses for Other Major Funds

(Memorial Fund, Building Fund, Endowment Fund, CEC, Trustees, etc.*)*

* + if there are other Funds with significant current year activity, i.e., in excess of $1,000
* then designate a working column for these Funds and add the amounts to the A1-6 and B1-9 fields where appropriate
	+ if donations or other Revenue flow through a General account to a separate Fund, please remember
* to count this Revenue only ONCE *(see the note above, under congregations)*
	+ interest or income earned in the current year for any of these funds --> put in A4f

**Be sure to try and avoid counting transfers** -- try to avoid double-counting any Income & Expenses (a line has been added on the revenue and expense sides so you can account for the money when comparing the worksheet totals to you Annual Report).

5. Sum all Receipts

 Sum all receipts for each statement (sum of A1 - A6 Plus Missions Support Grants) in the final receipt row

 **Sum all Expenses** (Sum B1 - B9, plus M&S remittances) in the final expense row

 **Amounts to enter in Statistical Forms – final Column.**

 **Compare Total Revenue vs Total Expenses**

If the Charge and Congregations & major funds, taken together, have a surplus, then **Total Receipts** should be greater than **Total Expenses**.

If the Charge and Congregations & major funds, taken together, have a deficit, then **Total Receipts** should be less than **Total Expenses**.

## 6. Adjustments (that are made by the Year Book Office to specific Forms)

* + when our office believes that the Statistical Forms submitted to us require corrections, we try to simplify those corrections as much as possible, concentrating on a few of the fields
	+ if we feel a change is necessary, we will often do a workup of the Section 5 Receipt/Expense form

and we will telephone or send an e-mail to the charge before making a change

We most commonly adjust A1, B3 and to a lesser extent A4 & B8.

Please remember, if you have questions, please feel free to contact the Year Book office.

Best wishes,

Susan Jackson

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