

## **PARISH FAIR SHARE REVIEW GUIDELINES**

This document is intended to assist parishes in understanding the current Parish Fair Share (PFS) system.

Each parish's share of the diocesan budget is calculated at the Synod Office using the parish income and expense data submitted in the annual Statistical Return less some exemptions.

### **Assessable Parish Income**

This is defined by Synod as all parish income except for the following items, which are entered as income in Part 2 of the Statistical Return:

1. Money deposited in the Diocesan Consolidated Trust Fund. No other trust fund qualifies (See line 24A). Because of the exemption when the money goes in, you must declare as income what you take out.
2. Borrowed money (See line 24A). However, income used to pay back a loan is assessable.
3. Flow-through donations from parishioners to outreach projects, such as PWRDF, Centre 454, Cornerstone, etc. where the offerings constitute a trust which the parish cannot use for any other purpose. Also undesignated funds received by a parish that are then donated to an outreach project.
4. Funds received for new church structures and additional buildings (See line 24B).
5. GIFT campaign donations and GIFT grants.
6. Expenses related to the rental income (See line 28B).

Exemptions also include the following, which are entered in Part 4 of the Statistical Return:

1. The compensation for lay staff of a parish engaged in ministry in the parish, but not including organists or music directors, administrative staff or custodial staff, regardless of job title. (See line 30 and use the form provided.)
2. Capital expenditures for project(s), single or multiple, if they exceed 10% of the three-year average parish assessable income as provided by the Synod Office, and the project deals with any of the following:
  - i) Structure (foundations, walls, windows, floors, roofing)
  - ii) Services (HVAC, plumbing, electrical, fire protection)
  - iii) The site (roadways, parking lots, pedestrian access)
  - iv) Environmental initiatives
  - v) Capital projects related to health, safety and accessibility issues, e.g. ramps and lifts for the handicapped, removal of asbestos, audio systems for the aurally impaired, etc.

However, projects that deal with finishes, fixtures, furnishings (fixed or moveable) and landscaping are not exempted. (See line 33 and use the form provided.)

Capital expenditures for projects related to health, safety and accessibility issues, e.g. ramps and lifts for the handicapped, removal of asbestos, etc. (See line 33 and use the form provided.)

All of the above exemptions are automatically processed by the Synod Office using the statistics provided via the Statistical Return and the form related to exemptions for capital costs and lay staff compensation.

Certain other exemptions may also be approved by the Fair Share Review Subcommittee upon request by the parish via a letter attached to the Statistical Return.

## **Request for Review by the Fair Share Review Subcommittee**

The Fair Share Subcommittee is a subcommittee of the Property and Finance Committee that is made up of members from across the Diocese. (The Director of Financial Ministry attends but does not vote.) Most members of the subcommittee are former churchwardens or treasurers, and there is at least one ordained member with a background in finance, as well as experience in struggling parishes. The subcommittee is able to provide some flexibility within the stated regulations. Its task is to try to accommodate those parishes that have large anomalies in their income that would unfairly raise their Parish Fair Share for the following year. As mentioned above, parishes bring such situations to the subcommittee's attention by attaching a letter to their annual Statistical Return, giving full details.

## **Pro-Rating of Anomalous Income**

This may be granted by the subcommittee in cases where there has been a large increase in income. Pro-rating for a six-year period may be permitted if the normal three-year averaging process is not sufficient in a particular circumstance.

## **Advice**

Parishes undertaking financial campaigns or receiving large amounts of extra income should consider the apportionment implications, as such income is normally not exempted from assessable parish income. Prior consultation with the sub-committee, through the Director of Financial Ministry, is strongly advised.

## **Parish Fair Share Apportionment System**

The Parish Fair Share system is one place where the differing perspectives of parishes and the Diocese come into focus. For the parishes, PFS is about spending—to be dealt with like other spending, such as on program or building maintenance. For the Diocese, however, PFS is about raising income, and it is income-based—that is, based on parish income, not on parish spending. The Diocese uses PFS income to pay for essential diocesan activities, just as parishes use money from envelopes. Don't forget that the Diocese passes on part of this money from the parishes to fund the work of the National Church, besides supporting important local programs, and even some parishes.

In brief, a parish's PFS is calculated in the following way:

1. The total net assessable parish income for all the parishes in the Diocese is added together.
2. Each parish's net assessable income is then expressed as a percentage of the total net income of all the parishes.
3. Each parish's fair share is this percentage of the approved diocesan budget.
4. The Parish Fair Share calculation is based on the average of the parish's net assessable income for the most recent three years. The purpose of averaging is to even out the anomalies that tend to create significant swings in some parishes' apportionment figures from one year to the next.

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