

The United Church of Canada

Presbytery and Conference Transition - Remit 1

Background

Remit 1 proposes a reduction in the number of courts of the church from four to three. As such, new regional councils will be formed to replace the current existing presbyteries and Conferences. Subsequent to this restructuring we will have communities of faith, which includes places of worship, regional councils and a denominational council.

This checklist commences the preparation for the dissolution of the presbyteries and Conferences. It should be used as a guide to identify the issues and the procedures to be followed. As the number of regional councils and regional boundaries have not yet been established, it is highly likely that one or more Conferences and thus presbyteries will be divided between two regional councils.

In approaching the task of reorganizing the presbyteries and Conferences, one must keep in mind that the church is restructuring within the same legal entity. That is assets will not be sold in the legal sense to the regional council. A formal purchase and sale will not occur. With some planning employees who continue after the reorganization should not have a change of employer. We should be able to use the charitable registration numbers of the presbyteries and Conferences at the regional council level with the name changed on the registration with Canada Revenue Agency "CRA".

As we work through this transition, Conferences and presbyteries are being asked to digitalize the information to be transferred to the regional councils. A good deal of the information should already be in electronic form. The General Council Office will establish electronic folders for each Conference and presbytery to accommodate this request. **Documents prepared in accordance with the requests set out below should be housed in the electronic folder.** Consideration should be given to future access of these records by the regional councils and by our auditors. If any presbytery or Conference has questions or requires advice or assistance with this work, contact Erik Mathiesen at 1-800-268-3781 x4022 or emathiesen@united-church.ca .

Items that the new regional councils will need to consider are highlighted in the shaded areas.

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Activity	Assigned Person	Status
<p>Background: Please review Remit 1, the related Study Guide for Remit 1, the Appendix A to Remit 1 – Three Council Model and GC 42 CR 3 – A Three Council Model as background material for the activities and actions as set out below. https://www.gc42.ca/remits</p>		
<p>Background: The regional councils will be established as registered charities. It is the intention that the regional councils assume the existing business and charitable registration numbers currently in use by one or more of the presbyteries or Conferences. The existing assets of the presbyteries and Conferences are to be transferred to the regional council that may be the same registered charity or a different registered charity within the Church depending upon the allocation of the existing charitable registration numbers and the division of the Conference and presbytery property. Assets that the regional council considers to be surplus to its needs should be disposed of with proceeds transferred to the region or the asset itself – depending on timing.</p> <p>By transferring ALL assets to another court of the church, the legal and income tax requirements will be satisfied requiring that all assets of a charity must be transferred to another registered charity limiting the exposure if for some reason one of the existing charitable registrations is surrendered or ceases to exist.</p> <p>Once the number and geographic area of the regional councils are known presbyteries and Conferences should consider a fair and just manner in which their assets should be allocated between the regional councils. Factors to be considered in the allocation of the funds might include the need, the cost of transportation, the original geographic origin of the asset and their current and intended use.</p>		

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Bank Accounts & Related Procedures		
<p>Background: All funds are to be transferred to one or more regional councils.</p> <p>Difficulties may arise where a cheque or another negotiable instrument is made out in the name of a predecessor court of the church and the bank account has been closed. For this reason, it is suggested that no bank accounts be closed until at least six months after the transition has transpired. A nominal balance should be retained to deal with bank fees.</p>		
<p>1. A listing of all bank accounts should be prepared identifying their purpose and use, account numbers, financial institution name and location and existing signing officers. This listing should be deposited to the electronic folder.</p>		
<p>2. Document all suppliers who are on electronic automatic payment or withdraw and prepare to notify them of the change providing them with contact information going forward. If their service is no longer required prepare to discontinue the service they provide.</p>		
<p>3. At time of transfer, document all outstanding liabilities and retain funds to pay these amounts. i.e. utilities, rent, etc.</p>		
<p>4. Identify an individual who will be responsible for paying the final liabilities and accounting for any funds dispersed to the regional council.</p>		
<p>5. If funds in bank accounts of predecessor courts are to be transferred to regional councils, provide the recipient regional council with a document briefly describing where the funds came from and their purpose.</p>		
<p>6. New bank accounts are to be opened by regional councils. Changing account names and signing officers for existing accounts will not likely be allowed by the financial institution with the changes in their Know Your Client Regulations. Letter of Good Standing from the General Council Office will be needed to open new bank accounts. New bank accounts will also allow for a clean cut-off between the new and the old governance structure. The General Council Office is exploring Canada wide banking arrangements with one or two financial institutions with the goal of reducing costs and obtaining a commitment to service.</p>		

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Investments		
7. Document all investment accounts including shares of corporate subsidiaries and amounts that are held in trust pursuant to arrangements described below under the heading "In Trust Arrangements".		
8. For each investment account, document the nature of the investments, the signing officers and the professional advisors along with their contact information.		
9. Attach any investment policy statements that are used to govern the investment of funds.		
10. Advise the professional advisor that a reorganization of the courts of the church is underway and a change will occur.		
11. For non-negotiable instruments, i.e. Guaranteed Investment Certificates, provide direction to the financial institution as to the bank account the funds should be deposited into upon maturity or upon payment of investment income.		
12. Consider whether at this time of transition it makes more sense for the United Church Foundation to assume responsibility for investing the funds and still provide for local granting.		
13. For those investments, where a valid reason exists to invest locally, the regional council will be required to obtain letters of good standing from the General Council Office allowing the regional council to assume control of the investments etc. A new brokerage or other account will likely be necessary due to the Known Your Client Regulations applicable to the financial institutions. The General Council Office will advise of any new possibilities around Canada wide arrangements with a view of reducing costs and obtaining a commitment to service.		
14. Regional councils, once organized, will need to provide the existing courts of the church with bank account information to support any final closing transactions.		
In Trust Arrangements		
15. For all funds held "in trust", document the nature of the trust arrangement, restrictions on the use of the funds, and any requirement to return the funds to the donor or another party.		
16. Document the geographic focus of the fund in		

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order to ascertain the appropriate regional council that will assume responsibility.		
17. Obtain the trust agreements and any related correspondence that will be necessary to provide the background that will allow the regional council to fulfill the mandate of the trust arrangement within its legal restrictions. The agreements should be digitalized and transferred to the electronic folder.		
18. Document the names of the trustees and their contact information. Depending upon the method of operation of the trust arrangement, there may be a need for new trustees.		
19. Provide a final accounting of the trust arrangement to the regional council that is assuming responsibility for the ongoing operation of the trust.		
The regional councils will assume responsibility for administering the trust arrangement after the regional council's come into existence. The regional councils will be responsible for ensuring the appropriate trustees are in place and the other legal requirements are fulfilled.		
Funds Other Than In-Trust Arrangements		
20. Document all other financial type assets held by the court of the church including shares of any controlled entity, internally restricted funds, beneficiary situations etc. Outline the nature of the arrangement.		
21. Document the nature of the fund or the corporate entity, the restrictions placed upon the use of the fund and any future commitments related to the fund.		
22. Document the geographic focus of the fund in order to ascertain the appropriate regional council that should assume responsibility.		
23. Accumulate any correspondence, minutes and operating procedures that will be necessary to continue to operate the fund – the remainder should be transferred to the United Church archives.		
24. Transfer the funds to the appropriate regional council along with a final accounting by that court and the supporting documentation that they will require in order to administer the funds.		

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Assessment Funded Projects and Programs		
25. For projects funded by assessments ascertain the ongoing business rationale and funding need for the project.		
26. Document the funds that are being transferred to the regional council in order to satisfy future funding commitments.		
27. Project sponsors should be notified by the presbytery or Conference to the effect that future funding may not be forthcoming.		
28. Commitments to be documented and added to the electronic folder.		
Payroll		
29. The General Council Office will discuss the restructuring with ADP and obtain necessary guidance to deal with change of name on payroll accounts.		
30. The General Council Office will work with the regional councils who are assuming employees from the existing courts of the Church in order to transition the contact information for purposes of dealing with ADP and CRA.		
31. 2018 payroll returns and supporting forms should be filed by the current employer. See Canada Revenue Agency and Other Government Agencies below.		
Canada Revenue Agency and Other Government Agencies		
<p>Background: A number of the existing courts of the church have a business number, which is used for issuing charitable donation receipts, remitting payroll withholding amounts and tax return filings.</p> <p>CRA will routinely allow a charity to change the name on an account. This administrative policy assists in situations where an employee of an existing court of the church becomes an employee of the regional council. There will be no change in employer from the employee's perspective or thus no requirement to restart CPP and EI withholdings if the transfer occurs other than on Jan 1.</p> <p>Also changing the name on an existing business number is much more convenient than applying for a new number.</p>		

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<p>For this reason, an existing court of the Church should not abandon any existing business number.</p> <p>Business numbers that are not required by the regional councils will be assumed by the General Council Office.</p>		
<p>32. Business numbers of the existing court of the church should be documented along with the name of the account, the use of the account e.g. employee withholding, etc. and the contact information on file with CRA. These should be submitted to the General Council Finance Office.</p>		
<p>33. Identify a person responsible for the preparation on a timely basis of T-3010 Charity Information Return and any necessary final payroll returns for any year in which there is activity. (Depending upon when the activities of the presbytery and Conference cease, there may be a requirement to file T-3010 returns for 2019.)</p>		
<p>34. Accumulate the prior 7 years of T-3010 Charity Information Returns along with any related correspondence and forward with other financial records for archiving. If digitalized place in electronic folder.</p>		
<p>35. Document any open issues outstanding with CRA or any other government agency along with the names of any professionals or other advisors engaged to act on our behalf.</p>		
<p>36. Determine procedures for dealing with provincial worker compensation agencies and any other similar accounts; these will vary according to provincial requirements. Coordinate with the regional council to transfer these accounts to the new body (from the previous employer).</p>		
<p>The General Council Office will work with the regional council to determine the business numbers that will be utilized on an ongoing basis by the regional council. The remaining numbers will be assumed by the new denominational council. New donation receipts will be prepared by the regional councils.</p>		
<p>The regional council will be required to file with CRA new contact information for the business number. Note that with the filing of new contact information the previously noted contacts of the presbytery or Conference will not have any authority, including the signing of the T-3010 for the returns to be filed for the time periods prior to the regional council's coming into existence.</p>		

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<p>In the past one CRA department will not communicate with another department within CRA, a change in address, in name or an authorized contact information. Regional councils may need to send separate communications to each point of contact. Note that this may change with a new computer system being introduced by CRA in the fall of 2017.</p>		
Accounting Records and Resources		
<p>37. Ensure memorandums are up to date as to the accounting treatment required for any In-Trust Arrangements or Funds Other Than In-Trust Arrangements. Memorandum to be provided to regional council(s) assuming responsibility for the Fund. Flag any memoranda that may be useful by another regional council.</p>		
<p>38. Document any accounting policies that will be beneficial to the regional council assuming responsibility for assets of that court of the church.</p>		
<p>39. Prepare listing of general ledger accounts for use by the regional council and any other body who will assume the assets and liabilities of the existing courts of the church. Listing to be digitalized for use by other users and our auditors.</p>		
<p>40. Prepare listing of outstanding receivables including rental income, assessments due from congregations and any other item, and determine who will have responsibility for collecting all amounts subsequent to the regional councils coming into existence.</p>		
<p>41. Identify an individual who will be responsible for accounting to the appropriate regional councils for the residual funds dispersed.</p>		
<p>42. Determine who is going to coordinate the supply of information to auditors, answer their enquiries and provide other requested information and/or assurances.</p>		
<p>43. Identify any third-party arrangements for bookkeeping, accounting or auditing. Arrange for termination of services unless required by the regional council.</p>		
<p>44. Advise General Council Office of the accounting software currently in use including the remaining term of the license.</p>		

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The General Council Office is investigating the cost and process advantages and overall feasibility of using one accounting package for all regional councils. Further information will be provided by the General Council Office in early 2018.		
Real Property		
Background: Many of the tasks in the real property area can only be dealt with once the space needs of the regional councils are known and existing property arrangements evaluated. This includes any owned premises and related debt. Currently the most important task is understanding the notice period, if any, that will be required in order to terminate lease arrangements.		
45. Obtain and review existing rental agreements to ensure a clause exists allowing for the transfer of the benefits to a new court of the church or termination of the lease if the space is surplus. Note the notice period required to terminate the lease arrangement.		
46. For rental space not required by the regional council, terminate the lease arrangement.		
47. Identify any real property issues currently being dealt with such as cemeteries and ensure the documentation is updated so that the regional council can take over responsibility.		
48. Document outstanding real property matters with the designated individual in the regional council office and provide names and contact information for relevant advisors.		
49. Review insurance policies to determine what notifications are required if we terminate the lease arrangement. Terminate insurance coverage no longer required.		
50. Decide on a plan to deal with tenants or sub-tenants of leased space to be declared surplus and give notice if the arrangement is to be terminated.		
Personal Property		
51. Inventory all personal property, office supplies, furniture, etc. and arrange for disposal or transfer to a regional council office.		
52. Identify all leased property, i.e. photocopiers, mail machines and coordinate with the regional council whether they want to assume responsibility for the leased equipment. Terminate the lease for surplus equipment.		

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53. Identify any personal property that may be on loan or has been gifted with restrictions requiring the property to be returned or disposed of in a specified manner. Arrange for an appropriate course of action and update the appropriate regional council office.		
54. The regional councils will need to determine what equipment it makes the most sense to keep and what equipment should be regarded as surplus.		
Contingencies and Actions Against the Church		
55. Advise the General Council Office of any matters, threatened or otherwise that may not be resolved before the existing courts of the church cease to exist. Prepare a short memorandum of the current status and the contact information for any professional advisors engaged with respect to the matter.		
Transition Planning		
56. Document the names of the individuals at the presbytery and Conference level who have assumed responsibility for the tasks in this document and place in the electronic folder. Document to include their contact information.		
57. Develop a listing of existing volunteers along with their contact information who would be willing to answer questions subsequent to the disappearance of the presbytery or Conference.		
58. The General Council Office will establish electronic folders for deposit of active electronic records and transition documentation including the documents specified above.		
59. The General Council Office will establish a financial resource group composed of individuals assuming responsibility at the regional council to allow for an exchange of information and learnings. Project management tools will be developed and made available to manage the detailed transition.		
Records/Archives		
Background: The United Church of Canada Archives network is developing guidelines for the existing courts of the church for use in their restructuring. These guidelines should be available before the end of 2017.		
60. Review existing material and policies of the United		

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Church for record retention.		
61. Congregational files, including property files, maintained at the presbytery and Conference levels should be transferred to the appropriate regional council once the regional councils have been formed, if the files include ongoing church work.		
62. Books of original record, i.e. general ledger or their electronic equivalent must be kept indefinitely along with annual financial statements – locate these records and make arrangement to transfer them to the United Church Archives.		
63. For financial records requiring 7 year retention that should be transferred to the United Church Archives, develop an action plan and execute.		
64. Transfer records to the regional council for projects in process and where the records must be kept at hand.		

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