

## **BASIC RELIGIOUS CHARITIES: AN EXPLORATORY STUDY (DRAFT COPY)**

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### **SUMMARY.**

Charities that meet the definition of a Basic Religious Charity (BRC) in section 205.35 of the Australian Charities and Not-for-Profit Commission Act 2012 (the ACNC Act) are exempt from the requirement, that all other charities must comply with, to report financial information to the charity regulator. (BRCs are also exempt from complying with ACNC governance standards, and the Commissioner of the ACNC cannot remove or replace a responsible person of a BRC; however, these matters are beyond the scope of this paper).

Furthermore, while the ACNC Act was developed through a process of widespread public consultation over a two-year period, there was no debate around this exemption, and nor were any reasons put forward for establishing such a charity category, or the way in which it was defined. Indeed, the concept of the BRC is unique to the ACNC Act and appeared only in a late draft of the ACNC Bill. The only justification on the public record for the existence of this category, and arguments for the exemption from reporting financial information, can be found in submissions by those who support it, principally bodies representing the Anglican and Catholic Churches in Australia, to the Parliamentary Joint Committee on Corporations and Financial Services, which examined the ACNC Bill when it was before the Parliament in 2012; and the Commonwealth Government's five-year review of the ACNC legislation in 2018.

This paper examines the information that BRCs do report to the charity regulator, and provides a comprehensive empirical analysis of the activities undertaken by BRCs, the human resources (paid and volunteer) they deploy, and the financial reporting requirements contained in their Governing Documents. (For BRCs (the majority) that operate within a denominational framework, financial reporting requirements are further specified by the denominational authority.) The paper then addresses the arguments put by proponents of the exemption for BRCs from reporting financial information by reference to this empirical evidence.

## KEY FINDINGS

### What Basic Religious Charities Do

- In 2020, 8319 charities were registered as BRCs.
- BRCs undertake a diverse range of activities.
- Based on the activities undertaken by BRCs, ten distinct categories were identified.
  - 1: Religious Charitable Development Fund (0.26% of all BRCs)
  - 2: Other Fund (1.3%)
  - 3: Property Trust (5.39%)
  - 4: Non-Financial Support Provider (4.96%)
  - 5: Trading Entity (0.32%)
  - 6: Welfare Services Provider (0.46%)
  - 7: Governance, Administration and / or Coordination (1.99%)
  - 8: Religious Orders & Faith Based Movements (2.51%)
  - 9: Parishes and Churches (80.94%)
  - 10: Other Ministry (1.97%)
- 85.32% of BRCs (comprising those in Categories 8, 9 and 10) pursued the charitable purpose of '*advancing religion*' directly.
- 12.23% of BRCs (comprising those in Categories 1, 2, 3, 4 and 5) pursued the charitable purpose of '*advancing religion*' by providing resources to religious entities.
- 1.99% of BRCs (being those in Category 7) pursued the charitable purpose of '*advancing religion*' by governing, administering and/ or coordinating religious entities.
- .46% of BRCs (being those in Category 6) pursued the charitable purpose of '*advancing religion*' by providing welfare services in the community.
- While Categories 1, 2 and 3 were homogeneous, considerable variation was observed in the work of BRCs in some other categories. For example,
  - Many Religious Orders (Category 8) also provided welfare service in the community; and

- Non-financial support provided by BRCs (Category 4) ranged from the provision of accounting services to the provision of recreational facilities.
- Given that a Basic Religious Charity can have as its charitable purpose only the '*advancing religion*', that charitable purpose has a very wide remit.

### **The size of Basic Religious Charities**

- 82.41% are small; 13.96% are medium and 3.62% are large (based on size criteria of the ACNC Act in 2020).
- Because BRCs are not required to report financial information, it is not possible to state the size of the smallest or the largest. However, in exploring the data, it became apparent that there was a wide variation in the size of BRCs. For example,
  - The largest BRC identified had Revenue of \$87.8m; and
  - the smallest BRC identified had Revenue of less than \$50,000

### **The Human Resource Effort Deployed by Basic Religious Charities**

- There was also significant variation in the deployment of both paid and volunteer human resources by BRCs
- The largest deployment of both paid and volunteer human resources was by BRCs involved in Governance, Administration and/or Coordination (Category 7).
- The smallest deployment of paid staff was by small Property Trusts (Category 3)
- The smallest deployment of volunteers was by small Other Funds (Category 2)
- Compared to other BRCs, Parishes and Churches (Category 9) deployed relatively high levels of paid and volunteer human resources.
- The level of human resources (both paid and volunteer) deployed by small Parishes and Churches is considerably greater than that deployed by small charities which are not BRCs and are required to report financial information under the ACNC Act.

## **Financial Reporting Requirements of Basic Religious Charities**

(Please note, the following findings are based on the present, exploratory study of BRCs.

They are not based on a representative sample. As such, some are indicative as opposed to definitive.)

- The governing documents of most BRCs include financial reporting requirements.
- BRCs that operate within a denominational framework must also comply with financial reporting requirements set by a denomination authority (in the Anglican Church, for example, a Synod).
- With the exception of some very large BRCs in Categories 1, 2, 3 and 4, financial reporting requirements of BRCs varied little (if any) because of the size of the entity.
- In general, the financial reporting requirements of parishes and churches that operate within a denominational framework (which is the overwhelming majority of such entities) are more onerous than those of independent churches.
- The financial reporting requirements for small parishes and churches that operate within a denominational framework are considerably more onerous than those required under the ACNC Act for small charities that are not BRCs.
- In almost all cases BRCs that operate within a denominational framework are required to have their financial statements externally audited.
- There was notable variation in the application of the reporting entity concept by BRCs in Categories 1, 2 and 3 which make their financial reports available on their websites.

## **Addressing the Arguments for Exempting Basic Religious Charities from the Requirement to Report Financial Information Under the ACNC Act.**

- Not one justification for the exemption from reporting financial information by BRCs stands up against the empirical evidence from the present study.

## **PART 1: INTRODUCTION**

Charity regulation in Australia is underpinned by principles of transparency and accountability: principles that find form in the requirements of the Australian Charities and Not-for-Profit Commission Act 2012 (the ACNC Act) for charities to report key information to the regulator, and for the regulator to provide public access to information about charities through an online portal. Why then, is that subset of charities which meet the definition under the ACNC Act of a basic religious charity (BRC) exempt from reporting any financial information, when all other charities are required to do so? A search of the public record yields little by way of an answer to this question, which in itself is somewhat remarkable, since the ACNC Act was developed through an exhaustive process of public consultation. Notably, the concept of the BRC appeared late in this process, receiving only cursory mention in the ACNC Bill's Explanatory Memorandum, and no consideration in parliamentary debates on the ACNC Bill. Indeed, the only rationale for the exemption from reporting financial information can be found in submissions by those who support it, principally bodies representing the Anglican and Catholic Churches in Australia, to the Parliamentary Joint Committee on Corporations and Financial Services, which examined the ACNC Bill when it was before the Parliament in in 2012; and the Commonwealth Government's five-year review of the ACNC legislation in 2018. These submissions are included here in Appendix 1.

This paper proceeds, in Part 2, by outlining the reporting requirements of the ACNC Act, and the means through which public access to information about charities is provided. In so doing it notes the definition of a BRC under ACNC Act. Following this, a brief outline of the methodology is provided in Part 3. In Part 4, the classification system used in the present study is outlined. In Part 5, descriptive statistics for the composition of the population of BRCs, and the deployment of human resources by BRCs, are presented. In Part 6, examples are provided of financial reporting requirements for BRCs that are contained in their Governing Documents, and, for those that are denominationally situated, imposed on them by denominational authorities. The paper then includes a number of observations that were made in the course of this exploratory study. These are presented in Part 7. In Part 8, a

general discussion of the findings from this study is presented. The paper then addresses, in Part 9, the arguments that have been put for exempting BRCs from the requirement to report financial information by reference to the empirical evidence obtained in the present study

## **PART 2: REPORTING UNDER THE ACNC ACT**

The ACNC Act prescribes the reporting of certain non-financial and financial information by registered charities. While all report the same non-financial information; financial reporting is differentiated according to the size of the charity (as measured by revenue) and its nature. To gain registration, charities must provide the regulator with their governance document; the names of those charged with governance of the charity (called Responsible Persons under the ACNC Act); and information that establishes their profile. This includes basic identifying information and the address, the nature and date of establishment, the location at which services are provided, the nature of the charity program (or programs), information concerning any fundraising, whether or not the charity is a BRC, and its size. A charity's size is determined by its revenue. The ACNC Act provides for three size-tiers. In 2020, the following thresholds applied: small (annual revenue is less than \$250,000); medium (annual revenue is at least \$250,000 but less than \$1m.); and large (revenue is \$1m. or more).

In addition to lodging this information on registration, charities are also required to report annually to the regulator. Each year, all registered charities must provide an Annual Information Statement (AIS) in which they report a description of their charitable activities, the number of paid staff and volunteers that were deployed, and any changes to the information they provided on registration. Charities that are not BRCs must also include in their AIS financial information concerning revenue, expenses, assets and liabilities; with medium and large sized charities providing more detail than small charities. Additional requirements are prescribed for ancillary funds. Medium and large charities must also lodge with the regulator a set of financial statements. Information that is reported to the ACNC by charities is available to the public on a searchable portal that is hosted by the ACNC. The

financial information that small, medium and large charities, which are neither BRCs nor Ancillary Funds, must include in the AISs are shown here in Appendix 2.

### **DEFINITION OF A BRC**

The definition of a BRC is given at s 205.35 of the ACNC Act [2]. In essence, a charity is defined as a BRC if it has only the purpose of advancing religion and is not eligible to be registered with another purpose; is not incorporated under the Corporations Act 2001, the Corporations (Aboriginal and Torres Strait Islander) Act 2006, the Companies Act 1985 of Norfolk Island, or any of the State and Territory Associations Incorporations Acts; does not have deductible gift recipient status, and was not in receipt of a government grant of more than \$100,000 in the current or preceding two years; and, where applicable, meets the requirements of the National Redress Scheme for Institutional Child Sexual Abuse Act 2018.

### **PART 3: METHODOLOGY**

This study is exploratory and largely descriptive. As such, discussion of the methodology is confined to: (1) data sources; and (2) classification of BRCs.

1: Data Sources. The data on which this paper is based is the ACNC 2020 Annual Information Statement (AIS) Data (<<https://data.gov.au/data/organization/acnc> accessed August 7th 2022>), and the Australian Charities Report 8<sup>th</sup> Edition (ACNC, 2022). The population is the 8,319 charities that were listed on the above-mentioned database on August 7<sup>th</sup> 2022. Charities were identified by their Australian Business Number (ABN) and this number was used to search the ACNC portal in order to ascertain: (1) the activities undertaken by the charity; (2) its size; (3) the human resources deployed (paid and volunteer); and (4) the financial reporting requirements contained in its Governing Document. This information was taken from the charity's Profile, Annual Information Statement and Governing Document. Where the BRC had a website (as indicated on its Profile), that too was examined. For BRCs that operated within a denominational structure, publicly available information, such as policies, reporting templates, and financial statements were also inspected.

2: Classification of BRCs. BRCs were classified according to the activities they undertook and their size. A BRCs activities were taken to be those that were self-reported under ‘*Summary of Activities*’ on its Profile, and ‘*Description of the Charity’s Activities and Outcomes*’ on its 2020 AIS; and the ‘*Objects*’ (or equivalent) clause in its Governing Document. In some cases where the BRC had a website, this was inspected in order to confirm information lodged with the ACNC. A BRC’s human resource deployment was taken as the figure that was self-reported on its 2020 AIS. A BRC’s size (large, medium or small) was taken as that which was self-reported (large, medium or small) on its 2020 AIS.

For some BRCs that operate within a denominational framework, it was necessary to explore other resources to fully understand the nature of the BRC. For example, the ‘*Church Administration Handbook*’ (Lucas, Slack and d’Apice; 2008) was very helpful in understanding the nature and scope of incorporation under enabling legislation for BRCs of the Catholic Church, and also the application of canon law (which, in its entirety, was given as the Governing Document for many BRCs). Similarly, the resources available at the websites of the ‘Anglican Church of Australia’, (<https://anglican.org.au/> <accessed November 2022>); and ‘Sydney Diocesan Services’ (<https://www.sds.asn.au/> <accessed November 2022>) were helpful in navigating the governance documents of BRCs of the Anglican Church.

Ten distinct activities were identified. As well, it was found that it was not possible to ascertain the activities undertaken; and that some BRCs had voluntarily revoked their registration. Thus, the total number of categories is 12. They are:

- 1: Religious Charitable Development Fund
- 2: Other Fund
- 3: Property Trust
- 4: Non-Financial Support Provider
- 5: Trading Entity
- 6: Welfare Services Provider



- 7: Governance, Administration and / or Coordination
- 8: Religious Orders & Faith Based Movements
- 9: Parishes and Churches
- 10: Other Ministry
- 11: Not Possible to Ascertain
- 12: Charity Registration Voluntarily Revoked

In classifying BRCs the starting point was to identify parishes and churches because it is these entities that were stated in what material there is on the public record about BRCs as being the most common example of such (please see Appendix 2). These were grouped as *Category 9: Parishes and Churches*. For the remainder of the population of BRCs it was a matter of working through the list of BRCs and recording the above-mentioned information with the objective of creating just that many categories that permitted clarity of delineation, but not so many that would make the exercise unworkable and any analysis meaningless. The following example, concerning the BRC, Sydney Diocesan Services (ABN 69266342710) illustrates the creation of *Category 4: Provision of Non-Financial Support*.

Both the Summary of Activities in the charity's Profile, and the Description of the Charity's Activities and Outcomes in its 2020 AIS, stated its activities to be,

*"...carrying out, performing and providing administrative, secretarial and accounting services for the Anglican Church Diocese of Sydney".*

Furthermore, the purpose of this BRC was given in its Governing Document (at s.4) as,

*"... to advance the purposes of the Anglican Church of Australia in the Diocese of Sydney through the regulation of the central administration of the affairs of the Diocese."*

Thus, for the present study, this BRC was classified as providing non-financial support to religious entities, i.e. *Category 4: Provision of Non-Financial Support*.

One BRC for which classification was not straightforward was *The Roman Catholic Archbishop of Perth Corporation Sole (ABN 96993674415)*. There were reasons for classifying it as either, ‘*Category 3: Property Trust*’; ‘*Category 4: Provision of Non-Financial Support*’; or ‘*Category 7: Body governing, administering and/ or coordinating religious charities*’. It was decided that the appropriate classification was that of, ‘*Category 3: Property Trust*’ for the following reasons.

This BRC stated in the *Summary of Activities* on its Profile and the *Description of the Charity's Activities and Outcomes* in the 2020 AIS, that its role was,

*“To facilitate the good works performed by Archdiocesan agencies by ensuring funds are available and by providing other supports and services to this end”.*

Such a description suggests that this BRC may be providing financial management services, which would see it classified as, ‘*Category 4: Provision of Non-Financial Support*. However, it reported a human resources deployment on its 2020 AIS of fifty-four full-time equivalent paid staff and no volunteers: a deployment inconsistent with a BRC that is providing financial services. No Governing Document, which might provide further information about the nature of the BRC, was available on the ACNC portal.

A search of the Australian Business Register (ABN Lookup), showed ABN 9699367441 to be that of The Roman Catholic Archbishop of Perth Corporation Sole, an entity with the trading name, ‘The Roman Catholic Archbishop of Perth’. A search for further information about this BRC yielded a document titled, “Catholic Diocese of Perth Modern Slavery Statement”, ([https://www.perthcatholic.org.au/d/Resource\\_Library/Documents/Modern\\_Slavery\\_Statement/05G3UMBIMCTLFF4PCP9OFC5GIOOY17/2Z5DY1JDTF9AJCK.pdf/DIGITAL+Modern+Slavery+Statement+Report+200721\\_Low\\_Res.pdf](https://www.perthcatholic.org.au/d/Resource_Library/Documents/Modern_Slavery_Statement/05G3UMBIMCTLFF4PCP9OFC5GIOOY17/2Z5DY1JDTF9AJCK.pdf/DIGITAL+Modern+Slavery+Statement+Report+200721_Low_Res.pdf) <accessed December 2022> . This document shows that the name, “The Roman Catholic Archbishop of Perth”, refers to the entity that governs the Archdiocese of Perth. Page 5 of that document states,

*“The Roman Catholic Archbishop of Perth has the responsibility to govern the Archdiocese in meeting the material, social, personal and spiritual needs of its*

*community, and to ensure that church laws are observed. The Archbishop is ultimately responsible for training and supplying priests for parishes, for the finances of the Archdiocese and for all church property.”*

Furthermore, there is, at p.1 of this document a Disclosure Note which states,

*“This statement has been made on behalf of the Catholic Archdiocese of Perth and covers The Roman Catholic Archbishop of Perth Corporation Sole. The Archdiocese has no owned or controlled entities. ABN 96993674415”*

It seems from the above that there are two ‘entities’ with the same ABN (96993674415) being, ‘The Roman Catholic Archbishop of Perth’ and ‘The Roman Catholic Archbishop of Perth Corporation Sole’. However, it is the latter entity that is registered as a BRC. According to Lucas et al. (2008) and Power (2018) the only purpose for which The Roman Catholic Archbishop of Perth is incorporated as a Corporation Sole (under the Roman Catholic Church Property Act 1911) is to hold and manage property of the Catholic Church in the Archdiocese of Perth. As such, this BRC is classified for the present study as, ‘*Category 3 Property Trust*’.

Notwithstanding this classification, there remains the issue of the human resources deployment of fifty-four full-time equivalent paid staff recorded in the AIS of The Roman Catholic Archbishop of Perth Corporation Sole. This is inconstant with a property trust, but certainly consistent with that of an entity responsible for governance and administration of an Archdiocese.

Another difficulty in classification arose with Religious Orders that provided very significant welfare services. As Religious Orders they would be classified as Category 8, but as welfare service providers they would be classified as or Category 6. The following provides an example of this issue.

The Community of The Holy Name (ABN 12459786972). Both the summary of activities in the Profile and the Description of Activities in the AIS stated,

*Assist migrants, refugees & asylum seekers. Overseas communities or charities.  
Unemployed persons and victims of disaster.*

The Governing Document stated,

*Governing Policy of the Community of the Holy Name*

*The Community of the Holy Name is a Religious Community of the Anglican Church of Australia founded within the Diocese of Melbourne by Emma Caroline Silcock (Sister Esther) in 1888 in the obedience to the will of God.*

*The object of the Community is to give glory to God. Those whom God calls into this way of life dedicate themselves to a radical following of Jesus, sharing a common life under the perpetual vows of poverty, chastity and obedience, and seeking all things to honour his Holy Name.*

*The Community was founded to work amongst the poor and disadvantaged, in conjunction with the Diocesan Mission to the Street and Lanes of Melbourne. While remaining faithful to the spirit and heritage of the Community, the sisters shall be ready to adapt to the changing needs and circumstances of time and place.*

*In accordance with the terms of the Charter granted to the Community, all members shall be bound to the doctrine and discipline of the Church as received by the General Synod of the Anglican Church of Australia*

While there is a strong emphasis on welfare provision in the above, the second and fourth paragraphs of the Governing Document emphasise religious observance. This BRC was classified as *Category 8: Religious Order or Faith Based Movement*.

#### **PART 4: CLASSIFICATION OF BASIC RELIGIOUS CHARITIES ACCORDING TO THE ACTIVITIES UNDERTAKEN BY THEM: EXAMPLES**

**Category 1: Religious Charitable Development Funds.** These BRCs provide financial services. They accept deposits from investors [3], pay interest on such deposits, and lend money to religious institutions such as churches and schools for building and other purposes. An example from this category is Catholic Development Fund Diocese of Wollongong (ABN 74896491936), which, in its 2020 AIS, had the following description of its activities,

*“Through the central treasury function the CDF has provided financial support to the Religious and Charitable Works of the Catholic Church.”*

In its Governing Document, this BRC is described as,

*“...a financial co-operative of the Church. Loan funds are generated from savings and investments contributed from all diocesan agencies, parishes, schools, and participating community members.”*

Religious Charitable Development Funds are required by the Australian Securities and Investments Commission (ASIC) to provide audited financial reports on their websites. In 2020, the largest reported Revenue of \$62.7m; Total Assets of \$1,977m; and Net Assets of \$204.5m in 2020; and the smallest reported Revenue of \$.3m; Total Assets of \$6.9m; and Net Assets of \$.9m in that year. Together, the 21 BRCs in this category controlled assets of more than \$6b in 2020.

**Category 2: Other Funds.** These BRCs hold financial assets, such as equities, bonds and cash, for the purpose of funding the activities of religious entities. Examples include: remuneration of religious practitioners, provision of medical support for priests, building restoration, operating motor vehicles, charitable works, and support for overseas missions. An example from this category of BRCs is Priest's Remuneration Fund (ABN 99049307162), which has as its description of activities,

*“Management of funds to provide for the equitable and sufficient income and necessities of life for Diocesan Priests.”*

Another example of a BRC in this category is The Trustee for The Anglican Church of Australia Long Service Leave Fund (ABN 53579792912), which has the following description of its activities,

*“The Anglican Long Service Leave Fund provides long service leave benefits for participants of the Fund, to have a break from their pastoral duties and to return well rested to resume their pastoral activities in the Church.”*

One fund that evidences the breadth of activities performed by BRCs, and by implication the scope of the charitable purpose, ‘advancing religion’, is Charitable Works Fund Archdiocese of Sydney (ABN: 60471267587). The description of this BRCs activities in its 2020 AIS reads,

*“The Charitable Works Fund is a Basic Religious Charity that funds religious works of the Catholic Archdiocese of Sydney including the Liturgy Office, Evangelisation, University Chaplaincy, Vocations Office, Ecumenical Office, Catholic Immigration Office, Anti-Slavery Taskforce and the Justice and Peace Office.”*

The website for this BRC that is registered on its Profile lists the agencies (and a brief description of what they do) that are funded by The Charitable Works Fund. They are: Aboriginal Catholic Ministry; Catholic Care; Chaplaincy Hospital, University & Prison; Confraternity of Christian Doctrine; Ephpheta Centre; Seminaries Good Shepherd & Redemptoris Mater.

The majority of BRCs in this category self-classified as small on the basis of revenue, and, in general, their financial statements could not be accessed. As such, it is not possible to say much about them. However, one small fund that did include financial information in its 2020 AIS was The Neil James Grant Bequest Trust (ABN 12084757717), which reported revenue of \$254,000, and Net Assets of \$3.1m in 2020. One large fund, for which the financial statements were accessible (on the website of the denominational to which it reported) was The Trustee for The Diocesan Endowment (ABN 84797589118). This BRC reported Revenue of \$6.8m and Net Assets of \$119.7m in 2020.

[https://www.sds.asn.au/sites/default/files/DE%20Annual%20Financial%20Report%202020.pdf?doc\\_id=NDc5MzE=](https://www.sds.asn.au/sites/default/files/DE%20Annual%20Financial%20Report%202020.pdf?doc_id=NDc5MzE=) <accessed November 20 2022>

**Category 3: Property Trusts.** These BRCs hold property that is used by churches and other denominational entities to conduct activities, and/ or to generate income. An example of BRC that holds property for use is, The Trustee for Forestville Parish - Acpt (1142) (ABN 57573017323), which had as its description of activities in its AIS,

*“By managing, investing and distributing the property of the assets of the trust in accordance with the religious charitable purposes for which they are held”.*

An example of a BRC that generates income is Jeremiah Butterworth Estate (ABN 22633585704), which had as its description of activities in its AIS,

*“the charity managed its investments to be able to disburse the profits to the beneficiaries”.*

This BRC voluntarily lodged its financial statements with the ACNC and include financial information in its AIS. In 2020, it reported Income of just over \$.5m and Net Assets of \$6.5m.

Ninety three percent of BRCs in this category were small, and of these, more than 50% were managed by the Anglican Church Property Trust (ACPT), an example of which is the aforementioned The Trustee for Forestville Parish - Acpt (1142). Examples of large BRCs in this category were: (1) HC Australia Property Trust (ABN 58280825822), which had as its description of activities,

*“provide property for Christian worship services, education, and other community activities”;*

and (2) The Trustee for St Andrew's House Trust (ABN 81498954541), which had as its description of the charity's activities as,

*“...operating the property known as St Andrew's House”.*

Information about some BRCs that are large property trusts is published on web sites of denominational entities, and so it is possible to learn something about them. The Trustee for St Andrew's House Trust (ABN 81498954541) is one such BRC. Its financial statements are published on the website of Sydney Diocesan Services (ABN 69266342710), which is also a BRC (classified here as *Category 4: Providing Non-Financial Support* and discussed below).

Also published on that website are the annual reports to the Synod of the trustee, St Andrew's House Trust Corporation (ABN: 48086646351). This entity which is also a (small) BRC (classified here also as *Category 4: Providing Non-Financial Support*), and had as its description of activities as,

*"...managing the property known as St Andrew's House and approving distributions from the income of that property for the purposes of the Anglican Church Diocese of Sydney."*

The 2020 annual report of this trustee tells us that,

*"St Andrew's House ("SAH") is a mixed-use property that comprises 9 levels of commercial accommodation, 77% of which is leased to the St Andrew's Cathedral School ("SACS"), rooftop playground, plant rooms and a 5 level basement car park. The property also incorporates a lower ground floor retail arcade known as "Town Hall Square" providing 38 shops, which is partly held by way of a ground lease with the Council of the City of Sydney. It is classified as a 'B' grade asset within the Property Council of Australia's (PCA's) definitions.*

*SAH is located within the midtown precinct of the Sydney CBD and adjoins the Sydney Town Hall, Sydney Square and St Andrew's Cathedral. The total net lettable area of the tower and retail arcade is approximately 22,254 square metres.';*

In 2020, The Trustee For St Andrew's House Trust (ABN 81498954541) reported Net Assets of just over \$220m.

[https://www.sds.asn.au/sites/default/files/YE%202020%20SAHC%20Annual%20Financial%20Report%20signed.pdf?doc\\_id=NDC4OTI](https://www.sds.asn.au/sites/default/files/YE%202020%20SAHC%20Annual%20Financial%20Report%20signed.pdf?doc_id=NDC4OTI) <accessed November 20 2022>

Classification of the trustee, St Andrew's House Corporation (ABN 48086646351) as a BRC also highlights an interesting anomaly concerning the definition of a BRC. As noted above, an entity cannot be classified as a BRC if it is incorporated under specified Commonwealth, State or Territory legislation; however, entities that are incorporated under enabling legislation for certain religious denominations can be classified as BRCs. St Andrew's House Corporation (ABN 48086646351), which is incorporated under the Anglican Church of Australia (Bodies Corporate) Act 1938, is an example.



The analysis of human resources deployed by BRCs shows that 97% of BRCs that are property trusts have no paid staff (i.e. they are operated entirely by volunteers) and that 8.5% have neither paid staff or volunteers, which suggests these BRCs are simply passive entities that hold property on behalf of a religious entity.

**Category 4: Providers of Non-Financial Support.** These BRCs provide goods and/ or services to faith-based entities to assist them in furthering their objectives. The range of services provided BRCs in this category was very wide, and included, for example, the provision of professional services, undertaking research, delivering religious instruction in schools, advising on liturgy, the provision of church halls, and the provision of recreational facilities.

An example of a professional services provider is Sydney Diocesan Services (ABN 69266342710) which had as its description of the charity's activities and outcomes,

*“carrying out, performing and providing administrative, secretarial and accounting services for the Anglican Church Diocese of Sydney”.*

An example of a BRC that provides advice to parishes and churches on liturgy is The Roman Catholic Archbishop of Perth Archdiocesan Liturgy Office (ABN 88503423757). The Description of the charity's activities and outcomes stated,

*The Centre for Liturgy (CFL) provides formation and support to parish communities on all aspects of liturgy. CFL works with parish priests, parish liturgy coordinators, parish liturgy committees and other members of parish communities on implementation of liturgical documents. CFL maintains a network to promote and develop sound theological and pastoral principles and practices of liturgy.*

An example of a BRC that provides recreational facilities is Uca - Greenhills Camp & Conference Centre (ABN: 73812431514) which had as its description of the charity's activities and outcomes,

*“Greenhills Centre provided camp and conference facilities for church and community groups to meet and fellowship in a Christian environment.”*

As noted above, entities that provide trustee services, such as St Andrew's House Trust Corporation (ABN: 48086646351), are included in this category. That BRC had as its description of activities,

*"...managing the property known as St Andrew's House and approving distributions from the income of that property for the purposes of the Anglican Church Diocese of Sydney."*

**Category 5: Trading Enterprises.** These BRCs trade in the open market goods and/ or services that appear to complement the work of religious denominations. Examples include bookshops, publishing houses, recycled clothing shops, funeral services and suppliers of religious regalia. Some clearly compete with for-profit entities and are members of the relevant industry body, such as the large BRC, The Corporation of the Roman Catholic Archdiocese of Brisbane - Holy Cross Funerals (ABN: 97591742721) which had as its description of the charity's activities,

*"the provision of funeral services for the boarder community".*

An example of a medium sized BRC that operates a trading enterprise is Riza Orthodox Vestments (ABN: 82507305472), which described its activities as,

*"advancement of religion by producing and supplying clerical and liturgical vestments for orthodox clergy and liturgical embroidery for orthodox churches."*

An example of a small BRC that sells books is Presbyterian Book Ministries (ABN 98136325646), which described its activities as,

*"Involvement in a Christian ministry that sells Christian books, so as to advance the Christian religion according to the tenets of the historic evangelical Reformed Protestant creeds in general, and those of the Presbyterian Church of Australia in particular".*

**Category 6: Welfare Service Providers.** These BRCs provide welfare services that are typical of many charities that are not BRCs such as student accommodation, after school hours care, and addiction counselling. It was notable that most of the large and medium BRCs in this category lodged financial statements with the ACNC and included financial information

in their AIs, which perhaps suggests there was some misunderstanding by them regarding their classification.

An example of a medium-sized BRC that provides student accommodation is Petersham Baptist Church - Flo Harris Lodge (ABN 28834397879), which had as its description of activities,

*“Flo Harris Lodge provides low-cost full board accommodation in a supportive environment for young people who are new to Sydney. Most residents are undertaking tertiary studies, but there are also some workers. The community is run by the church for people of any faith as part of its Christian Ministry and outreach.”*

An example of a small BRC that provides welfare services from this category of BRC is Klimionok Ministries International (ABN 12089613748), which had as its description of activities,

*“Give assistance or support to people of various ages and backgrounds, telephoning or visiting those who are ill or bedridden, prayer and counselling support, distribute books and other printed matter that could be helpful”.*

**Category 7: Governance, Administration and/or Coordination.** BRCs in this category undertook a range of activities that varied in nature and scope according to the denominational structure. The nature of the activities varied between exercising authority over other entities to merely representing other entities. The scope of activities varied between those that operated a national level, state or territory level or district level, such as a diocese or presbytery. Four examples from this category of BRCs are highlighted below.

Sydney Diocesan Synod Fund (ABN 54022096494) is a BRC that performs an administrative function at a district level within a denominational framework. It is the standing committee of the Synod of the Diocese of Sydney (the Synod), which is the supreme authority of the Anglican Church in the Diocese of Sydney. As such it performs an executive function by

carrying out the work of the Synod between annual meetings of that assembly and is directly accountable to the Synod. Its description of activities was,

*“By making ordinances for the order and good government of the Anglican Church in the Diocese of Sydney, receiving distributions and making grants, electing persons as members of and receiving reports from various Diocesan and other Anglican bodies, and declaring the mind of a majority of its members through the passing of resolutions.”*

Uca - Illawarra Presbytery (ABN:74041246188) is a BRC that performs a governance function at a district level within Uniting Church in Australia. As such it oversees congregations, ministry and programs. Its description of activities stated,

*“The organisation pursued its charitable purposes by facilitating worshipping, witnessing, and serving as a fellowship of the Spirit of Christ. its members meet regularly to hear Gods Word, to celebrate the sacraments, to build one another up in love, to share in the wider responsibilities of the Church and to serve the World.”*

Australian Christian Churches (ABN 58123514361) is a BRC that represents and coordinates churches that share a particular faith. In its AIS, Australian Christian Churches described itself as,

*“a movement of Pentecostal Churches in voluntary cooperation. Each individual church is self-governing, but commits itself to work together with other churches in the movement for the purpose of mutual support and the spread of the gospel in Australia and the world.”*

Australian Catholic Bishops Conference (ABN: 60597896756) is a BRC that leads the Catholic Church in Australia. It develops policy, engages in public debate and lobbies. According to Lucas et al. (2008), it can, with respect to the Catholic Church, “promulgate laws to be observed throughout Australia” (p.55). The description of activities in its 2020 AIS read,

*“The Second Vatican Council, in 'Christus Dominus', noted that it is almost impossible, nowadays especially, for bishops to exercise their office suitably and fruitfully unless they establish closer understanding and cooperation with other bishops, and that outstanding examples of a more fruitful apostolate had been produced in countries where Conferences were already established. In 1966, Pope Paul VI's Apostolic Letter 'Ecclesiae Sanctae' gave*

*directions for the implementation of several Vatican II documents, including this teaching on Conferences. The 1983 Code of Canon Law, drawing on 'Christus Dominus', defines Conferences in this way. The Bishops Conference, a permanent institution, is the assembly of the bishops of a country or a particular territory, exercising together certain pastoral offices for Christ's faithful of their territory. By forms and means of the apostolate suited to the circumstances of the time and place, it is to promote, in accordance with the law, that greater good which the Church offers to humankind (Can. 447; cf. Christus Dominus 38). The Australian Catholic Bishops Conference meets at least annually. The Statutes were first approved by the Holy See on 21 June 1966, and definitively on 10 March 1979, and revised on 28 June 2001. (Promulgated Australasian Catholic Record October 2001). The Conference has a President and Vice-President (each elected for two years), a Permanent Committee and various Bishops Commissions (each member is elected)."*

The ACBC described itself in a more prosaic manner as,

*"a permanent institution of the Catholic Church in Australia and the instrumentality used by the Australian Catholic Bishops to act nationally and address issues of national significance" (Australian Catholic Bishops Conference, 2018).*

**Category 8 Religious Orders and Faith Based Movements.** Religious orders comprise communities and/ or members that bind themselves through vows. An example from this category of BRC is The Maronite Order of the Blessed Virgin Mary (ABN 48170166309) which had as its description of the charity's activities and outcomes,

*"To provide spiritual, social and pastoral services for members of the faithful in Australia, and those who seek it. We also provide services to the marginalised."*

Faith based movements are BRCs that assist participants to advance a Christian way of life in the community. An example of this type of BRC is Anglican Cursillo Movement Diocese of Bathurst (ABN 44940550876), which had as its description of the charity's activities and outcomes,

*"Two weekend conferences that helped people develop their Christian faith. Two one day gatherings to encourage Christian's in their faith journey".*

**Category 9 Parishes and Churches:** These BRCs comprise congregations who share a particular a faith and gather for worship in a specific locale under the leadership of a designated minister of religion. They are by far the most common form of BRC, comprising just over 80% of the population of BRCs for which an activity could be ascertained; and vary considerably in size and scope of activities.

Amongst the larger BRCs in this category are Catholic Parishes, which, according the Australian Catholic Bishops Conference (ACBC) are,

*“typically involved in worship, education (generally through a parish school) and community services and support, for example childcare for working families, family support, parent groups and the making available of parish facilities to parish and other community groups”* (ACBC, 2012).

An example of this type of BRC is the Maronite Catholic Parish of Our Lady of Lebanon Harris Park (ABN 92475205390), which had as its description of the charity’s activities and outcomes,

*“To provide spiritual, social and pastoral services for members of the faithful in Australia, and those who seek it. We also provide services to the marginalised and persons with special needs.”*

This BRC’s website shows that in addition to operating a church, it operates a school and a Community Youth and Pastoral Care Centre. This parish voluntarily disclosed financial information in its 2021 AIS. It reported total revenue of \$4,491,290 and Net Assets of \$15.8m.

An example of a medium-sized church is Anglican Church of Australia Quakers Hill (ABN 48296443042). This church provides services at three locations, employing nine full-time and three part-time staff. It described its activities as,

*“We advanced religion and community through religious services, and activities for men women and children. We provided community support with hampers and gift certificates for those suffering as a result of Covid-19 restrictions.”*

The church has its own website on which, amongst other things, it lists the various group activities it provides; and through which, it solicits donations from the public.

Small churches are likely to have just one minister (or in some cases just a part-time minister) and offer weekly service together with opportunities for interaction by members of the congregation. Some may also have an office staffed on a part-time basis. An example of a small church is Uca - Townsville Central Uniting Church (ABN 40815672700), for which the description of activities read,

*“Charitable purposes were pursued through the activities and provision of the services listed. Religious activities in particular were pursued through the coming together and sharing of worship, provision of Christian education, nurture, pastoral care and engagement in mission.”*

**Category 10: Other Ministry.** These BRCs promote a religious faith and facilitate religious observance, primarily through evangelising, but are not necessarily tied to a particular congregation or physical church. Most BRCs included in this category were independent organisations, however, some, such as Catholic Aboriginal Ministry Melbourne (ABN 68374296945), operate within a denominational framework. An example of an independent BRC in this category is Spirit Alive Australia (ABN 55548483116), which described its activities as,

*“We provided teaching and resources to enable and encourage people to pray for our nation”.*

Another example is NET Ministries (ABN: 96274579224) The description of activities undertaken by NET Ministries read,

*“National Evangelisation Teams (NET) Ministries is a Catholic, for purpose, peer to peer youth ministry that puts into action the Church’s mission to evangelise and disciple young people.”*

**Category 11: Not possible to ascertain what the BRC does.** It was not possible to ascertain the nature of 147 charities that self-classified as a BRC because the description of activities

undertaken was vague and either no governance document was lodged (most cases); or the governance document was not specifically written for the BRC in question, for example, the Code of Canon Law. An example of BRC in this category is Provincial Ministry Assistance Fund (ABN 28972213570), which described its activities as,

*“Making the word of God fully known through serving the community”.*

Another was Diocese of Parramatta House of Priestly Formation (ABN: 70953685764) which described its activities as, *“propagation of faith”*.

Amongst this category of BRC were 54 entities associated with the Anglican Church for which no Governing Document was available, and which all had a description of the charity's activities and outcomes on the 2020 AIS which stated,

*“Making the word of God fully known by: (1) being a compelling and outward-looking Christian presence in our communities; (2) reaching across boundaries of human division to serve our communities and proclaim Christ; (3) being open to the Holy Spirit in transforming lives to be mature in Christ; and (4) using all the energy that God powerfully inspires to better manage our human and capital resources.”*

The names of these BRCs, however, suggested they may be funds or trusts, with some indicating a specific purpose. Examples include The Trustee for Mrs William Gibb Memorial Scholarship Fund 68425009733 and The Trustee For Pioneer Electronics Choral Music Fund ABN: 54389107150.

**Category 12: Charity status was voluntarily revoked.** There were 86 charities remaining on the database at the time it was accessed that had voluntarily sought revocation of their charity status. No information was available other than the charity's name and ABN.



## **PART 5: DESCRIPTIVE STATISTICS**

As noted in Part 2, BRCs report to the ACNC a description of their activities; their size (as one of three tiers, being either large, medium or small, according their annual revenue); and their deployment of paid and volunteer human resources. With respect to paid human resources, charities report the actual number of full-time (F), part-time (P) and casual (C) staff deployed, and also an estimate of the full-time-equivalent effort (FTE) that would result from such a paid cohort. With respect to volunteers, charities report the actual number of volunteers (V) deployed (and not, for example, the number of volunteer hours deployed). This self-reported information on size and human resource deployment, together with the information on the activities undertaken (classified according to the system outlined in Part 4), is used to provide the following (albeit limited) set of descriptive statistics. Part 5A explores relationships between activity and size; while Part 5B explores relationships between activity, size and human resource deployment.

### **PART 5A: ACTIVITIES PERFORMED BY BASIC RELIGIOUS CHARITIES**

**Table 1A: Population of BRCs Classified by Activity and Size (with Category 7 Also Classified by Scope)**

<b>Activity Category</b>	<b>Large</b>	<b>Medium</b>	<b>Small</b>	<b>Total</b>	<b>% Total by Activity</b>
1: Religious Charitable Development Fund	19	1	1	<b>21</b>	<b>0.25</b>
2: Other Fund	11	5	89	<b>105</b>	<b>1.26</b>
3: Property Trust	19	10	407	<b>436</b>	<b>5.24</b>
4: Non-Financial Support Provider	24	28	349	<b>401</b>	<b>4.82</b>
5: Trading Entity	9	2	15	<b>26</b>	<b>0.31</b>
6: Welfare Services Provider	5	6	26	<b>37</b>	<b>0.44</b>
7a: Gov/Admin/Coordination: National	10	11	8	<b>29</b>	<b>0.35</b>
7b: Gov/Admin/Coordination: State	20	13	7	<b>40</b>	<b>0.48</b>
7c: Gov/Admin/Coordination: District	39	15	38	<b>92</b>	<b>1.11</b>
8: Religious Orders and Faith Based Movements	36	48	119	<b>203</b>	<b>2.44</b>
9: Parishes and Churches	100	985	5460	<b>6545</b>	<b>78.68</b>
10: Other Ministry	1	5	145	<b>151</b>	<b>1.82</b>
11: Not Possible to Ascertain	1	8	138	<b>147</b>	<b>1.77</b>
12: Charity Registration Voluntarily Revoked	4	14	68	<b>86</b>	<b>1.03</b>
<b>Total</b>	<b>298</b>	<b>1151</b>	<b>6870</b>	<b>8319</b>	
<b>% of Total by Size</b>	<b>3.58</b>	<b>13.84</b>	<b>82.58</b>		

Table 1A shows the composition of the population of BRCs (at August 7<sup>th</sup> 2022) classified by size and activity as defined in Part 4. As such it includes those BRCs for which it was not possible to ascertain the activities that were performed (Category 11: Not Possible to Ascertain); and those that recently voluntarily revoked their charity registration (Category 12: Charity Registration Voluntarily Revoked). It also provides a breakdown of BRCs that performed a Governance, Administration and /or Coordination function (Category 7), by scope, showing those that operated at the national, state or territory, or district level. This raw statistical count was modified by deleting Category 11 and 12 BRCs and treating BRCs involved in governance, administration and/ or coordination as a single category. This data is displayed in Table 1B. The figures shown in Table 1B are those on which discussion in this paper is based.

**Table 1B: Registered BRCs for which an Activity can be Ascertained Classified by Activity and Size**

<b>Activity Category</b>	<b>Large</b>	<b>Medium</b>	<b>Small</b>	<b>Total</b>	<b>% Total by Activity</b>
1: Religious Charitable Development Fund	19	1	1	<b>21</b>	<b>0.26</b>
2: Other Fund	11	5	88	<b>104</b>	<b>1.29</b>
3: Property Trust	19	10	407	<b>436</b>	<b>5.39</b>
4: Non-Financial Support Provider	24	28	350	<b>402</b>	<b>4.97</b>
5: Trading Entity	9	2	15	<b>26</b>	<b>0.32</b>
6: Welfare Services Provider	5	6	26	<b>37</b>	<b>0.46</b>
7: Governing/Administration and/or Coordination	69	39	53	<b>161</b>	<b>1.99</b>
8: Religious Orders and Faith Based Movements	36	48	119	<b>203</b>	<b>2.51</b>
9: Parishes and Churches	100	985	5460	<b>6545</b>	<b>80.94</b>
10: Other Ministry	1	5	145	<b>151</b>	<b>1.87</b>
	<b>293</b>	<b>1129</b>	<b>6664</b>	<b>8086</b>	
<b>% of Total by Size</b>	<b>3.62</b>	<b>13.96</b>	<b>82.41</b>		

Table 1B shows that the vast majority of BRCs (85.30%) are directly involved in religious observance as Religious Orders or Faith-Based Movements (Category 8); Parishes or Churches (Category 9), or through Other Ministries (Category 10), with more than 80% of them being small (annual revenue is less than \$250,000). Table 1B also shows the extent to which charities classified as BRCs perform other functions. 989 BRCs (12.2%) are in some way resource providers (Categories 1,2,3,4 and 5). Of these 21 (.26%) are Religious Charitable Development Funds (Category 1); 104 (1.29%) are Other Funds (Category 2); 436

(5.39%) are Property Trusts (Category 3); 401 (4.96%) provide non-financial support to religious entities (Category 4) and 26 (.32%) are Trading Enterprises (Category 5). A further 161 BRCs (1.99%) are involved in Governance, Administration and /or Coordination (Category 7). As noted in Part 4 of this paper, the range of activities performed by Category 4 BRCs is indeed broad.

**TABLE 2A: Proportion of Each Category by Size Tier**

<b>Activity Category</b>	<b>% of Large BRCs in Category</b>	<b>% of Medium BRCs in Category</b>	<b>% of Small BRCs in Category</b>
1: Religious Charitable Development Fund	6.48	0.09	0.02
2: Other Fund	3.75	0.44	1.32
3: Property Trust	6.48	0.89	6.11
4: Non-Financial Support Provider	8.19	2.48	5.25
5: Trading Entity	3.07	0.18	0.23
6: Welfare Services Provider	1.71	0.53	0.39
7: Governance/ Administration/ Coordination	23.55	3.45	0.80
8: Religious Orders and Faith Based Movements	12.29	4.25	1.79
9: Parishes and Churches	34.13	87.25	81.93
10: Other Ministry	0.34	0.44	2.18

Table 2A shows the composition of each of the three size tiers by category. For example, it tells us that while only 34.13 % of large BRCs are Parishes and churches, the overwhelming majority of medium BRCs (87.25 %), and small BRCs (81.93%), are Parishes and Churches. It also tells us that less than 50% of large charities are directly involved in religious observance (Categories 8, 9 and 10); and that 27.99 % of large BRCs are involved in resource provision (Categories 1,2,3,4 and 5). Interestingly, the proportion of small BRCs (12.92%) involved in resource provision is much greater than the proportion of medium BRCs (4.07%). Most medium BRCs (91.94%) and small BRCs (85.89%) are directly involved in religious observance (Categories 8,9 and 10).

**TABLE 2B: Proportion of Each Size Tier by Category**

<b>Activity Category</b>	<b>% of Category that are Large BRCs</b>	<b>% of Category that are Medium BRCs</b>	<b>% of Category that are Small BRCs</b>
1: Religious Charitable Development Fund	90.48	4.76	4.76
2: Other Fund	10.58	4.81	84.62
3: Property Trust	4.36	2.29	93.35
4: Non-Financial Support Provider	5.97	6.97	87.06
5: Trading Entity	34.62	7.69	57.69
6: Welfare Services Provider	13.51	16.22	70.27
7: Governance/ Administration/ Coordination	42.86	24.22	32.92
8: Religious Orders and Faith Based Movement	17.73	23.65	58.62
9: Parishes and Churches	1.53	15.05	83.42
10: Other Ministry	0.66	3.31	96.03

Table 2B shows the composition of each category by size tier. For example, it shows that almost all (90.48%) Religious Charitable Development Funds are large BRCs; and almost all Property Trusts (93.35%) are small BRCs. It also shows that more than 50% of BRCs that perform Governing, Administration and/ or Coordinating roles are medium and small charities. Notably, very few (1.55%) large BRCs are parishes and churches; and only 15.17% of medium BRCs are parishes and churches. Overall, the very high proportion of small charities in the population of BRCs (82.41% as shown in Table 1B) explains why, in all but four categories (1, 5, 7 and 8) the overwhelming majority of BRCs small.

#### **PART 5B: HUMAN RESOURCE DEPLOYMENT BY BASIC RELIGIOUS CHARITIES**

Part 5 B comprises thirty-three tables and a discussion. Tables 3A1 to 3J3 show the paid and volunteer human resource deployment for large, medium and small BRCs in each of the ten categories outlined in Part 4. Data from these tables is summarised in Tables 3K1 to 3K3 in order to provide a platform for discussion of the paid and volunteer deployment of human by BRCs in each size category.

Data for all five human resource classes on which charities report is included (as opposed to perhaps just including the data for full-time equivalent paid staff (FTE); and unpaid volunteers (V)) because: (1) so little data on BRCs is available that it was thought best to make the most of what is available; and (2) the quality of the data reported by charities

(BRCs and Non-BRCs) was not as good as might be expected; and so it was thought that including all the available data would improve the validity of any analysis of that data. Two data quality problems, in particular, deserve mention: (1) the number recorded as the estimation of full-time equivalent paid staff (FTE) was sometimes less than the number recorded for full-time paid staff (F); and (2) the number recorded as the estimation of full-time equivalent paid staff (FTE) was equal to the recorded number of unpaid volunteers.

The first five data rows of data in each of Tables 3A1 to 3J3 (with the exception of the tables for four size categories in which there were two or less BRCs) concern the five class of human resource effort for which charities provide information: full-time paid staff (F); part-time paid staff (P); casual paid staff (C); full-time equivalent paid staff (FTE); and unpaid volunteers (V). The last four data rows in each table concern the sub-category as a whole.

**Table 3A1: Category 1: Religious Charitable Development Fund (Large). Count = 19.**

<b>Data for Each Class of Human Resource Effort</b>	<b>Human Resource Class</b>				
	<b>F</b>	<b>P</b>	<b>C</b>	<b>FTE</b>	<b>V</b>
Average number of persons in the class	6.0	3.6	1.6	9.4	2.2
Number of BRCs with at least one person in the class	14.0	11.0	3.0	14.0	4.0
Percentage of BRCs with at least one person the class	73.7	57.9	15.8	73.7	21.1
Number of BRCs with no persons in the class	5.0	8.0	16.0	4.0	15.0
Percentage of BRCs with no persons in the class	26.3	42.1	84.2	21.1	78.9
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	3.0				
Percentage of BRCs with no people in any class	15.8				
Number of BRCs with no people in a paid class	4.0				
Percentage of BRCs with no people in a paid class	21.1				

For example, Table 3A1 displays data on large Religious Charitable Development Funds. There were 19 BRCs in this sub-category (Count = 19). The first data row of this table shows the average number of persons in each class of human resource that was deployed by these BRCs. That is, it shows that the average number of full-time employees (F) was 6 persons; the average number of part-time employees (P) was 3.6; the average number of casual staff (C) employed was 1.6; and that the average full-time equivalent positions represented by such a cohort was 9.4. It shows also that the average number of volunteers deployed by each fund was 2.2 persons.

The second data row of the table shows the number of BRCs that deployed at least one person in each human resource class. For example, it shows that, of the 19 BRCs in the sub-category, 14 had at least one full—time employee (F); and that 4 BRCs had at least 1 volunteer (V). The proportion of BRCs represented by the figures in the second data row are shown in data row three. As such, data row five shows that the 14 BRCs that employed at least 1 full-time staff member represent 73.7% of the (19) BRCs in the Category.

The fourth data row of the table shows the number of BRCs in the category that did not have deploy a person in a particular human resource class. For example, it shows 15 of the 19 BRCs had no volunteers (V). Data row five shows this metric as proportion (percent), i.e. that 78.9% of large of Religious Charitable Development Funds had no volunteers.

The data in the last four data rows concern the sub-category (Large Religious Charitable Development Funds) as a whole. Data row six shows that 3 BRCs reported 0 persons in all human resource classes, i.e. they reported that the BRC had no full-time (F), part-time(P) or casual (C) paid staff; and no volunteers. Data row seven shows that these 3 BRCs represented 15.8% of the 19 BRCs in the sub-category.

Data row eight shows that 4 BRCs reported 0 persons in paid human resource classes, i.e. they reported that the BRC had no full-time (F), part-time(P) or casual (C) paid staff. However, they may have deployed volunteers. Data row nine shows that these 4 BRCs represented 21.1 % of the 19 BRCs in the sub-category.

**Table 3A2: Category 1: Religious Charitable Development Fund (Medium). Count =1.**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Number of persons in the class	0.0	1.0	0.0	0.4	0.0

**Table 3A2: Category 1: Religious Charitable Development Fund (Small). Count =1.**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Number of persons in the class	0.0	0.0	0.0	0.0	0.0

**Table 3B1: Category 2: Other Fund (Large). Count= 11**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	5.8	2.2	0.8	7.3	9.5
Number of BRCs with >=1 person in the class	2.0	3.0	1.0	3.0	6.0
Percentage of BRCs with >=1 person the class	18.2	27.3	9.1	27.3	54.5
Number of BRCs with no persons in the class	9.0	8.0	10.0	8.0	5.0
Percentage of BRCs with no persons in the class	81.8	72.7	90.9	72.7	45.5
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	4.0				
Percentage of BRCs with no people in any class	36.4				
Number of BRCs with no people in a paid class	8.0				
Percentage of BRCs with no people in a paid class	72.7				

**Table 3B2: Category 2: Other Fund (Medium). Count = 5**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	0.0	0.0	0.0	0.0	6.0
Number of BRCs with at least one person in the class	0.0	0.0	0.0	0.0	4.0
Percentage of BRCs with at least one person the class	0.0	0.00	0.00	0.00	80.00
Number of BRCs with no persons in the class	5.0	5.0	5.0	5.0	1.0
Percentage of BRCs with no persons in the class	100.0	100.0	100.0	100.0	20.0
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	1.0				
Percentage of BRCs with no people in any class	20.0				
Number of BRCs with no people in a paid class	5.0				
Percentage of BRCs with no people in a paid class	100.0				

**Table 3B3: Category 2: Other Fund (Small). Count = 89**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	0.1	0.3	0.0	0.2	7.2
Number of BRCs with at least one person in the class	4.0	10.0	3.0	6.0	59.0
Percentage of BRCs with at least person the class	4.5	11.4	3.4	6.8	67.0
Number of BRCs with no persons in the class	83.0	77.0	84.0	78.0	28.0
Percentage of BRCs with no persons in the class	94.3	87.5	95.5	88.6	31.8
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	27.0				
Percentage of BRCs with no people in any class	30.7				
Number of BRCs with no people in a paid class	75.0				
Percentage of BRCs with no people in a paid class	85.2				

**Table 3C1: Category 3: Property Trust (Large). Count = 19**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	2.2	1.7	0.8	3.2	5.6
Number of BRCs with at least one person in the class	2.0	2.0	3.0	3.0	8.0
Percentage of BRCs with at least one person the class	10.5	10.5	15.8	15.8	42.1
Number of BRCs with no persons in the class	17.0	17.0	16.0	15.0	11.0
Percentage of BRCs with no persons in the class	89.5	89.5	84.2	78.9	57.9
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	10.0				
Percentage of BRCs with no people in any class	52.6				
Number of BRCs with no people in a paid class	15.0				
Percentage of BRCs with no people in a paid class	78.9				

**Table 3C2: Category 3: Property Trust (Medium). Count = 10**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	0.2	0.3	0.0	0.2	11.7
Number of BRCs with >=1 person in the class	2.0	1.0	0.0	1.0	6.0
Percentage of BRCs with >=1 person the class	20.0	10.0	0.0	10.0	60.0
Number of BRCs with no persons in the class	8.0	9.0	10.0	8.0	4.0
Percentage of BRCs with no persons in the class	80.0	90.0	100.0	80.0	40.0
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	2.0				
Percentage of BRCs with no people in any class	20.0				
Number of BRCs with no people in a paid class	7.0				
Percentage of BRCs with no people in a paid class	70.0				

**Table 3C3: Category 3: Property Trust (Small). Count = 407**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	0.01	0.00	0.00	0.01	11.21
Number of BRCs with at least one person in the class	4.00	1.00	2.00	2.00	377.00
Percentage of BRCs with at least one person the class	0.98	0.25	0.49	0.49	92.63
Number of BRCs with no persons in the class	403.00	406.00	405.00	402.00	30.00
Percentage of BRCs with no persons in the class	99.02	99.75	99.51	98.77	7.37
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	28.00				
Percentage of BRCs with no people in any class	6.88				
Number of BRCs with no people in a paid class	400.00				
Percentage of BRCs with no people in a paid class	98.28				



**Table 3D1: Category 4: Non-Financial Support Provider (Large). Count = 24**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	15.1	5.8	4.6	18.9	59.2
Number of BRCs with at least one person in the class	13.0	13.0	8.0	14.0	16.0
Percentage of BRCs with at least one person the class	54.2	54.2	33.3	58.3	66.7
Number of BRCs with no persons in the class	11.0	11.0	16.0	10.0	8.0
Percentage of BRCs with no persons in the class	45.8	45.8	66.7	41.7	33.3
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	0.0				
Percentage of BRCs with no people in any class	0.0				
Number of BRCs with no people in a paid class	10.0				
Percentage of BRCs with no people in a paid class	41.7				

**Table 3D2: Category 4: Non-Financial Support Provider (Medium). Count = 28**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	1.8	1.5	1.7	3.6	23.2
Number of BRCs with >=1 person in the class	14.0	10.0	10.0	18.0	23.0
Percentage of BRCs with >=1 person the class	50.0	35.7	35.7	64.3	82.1
Number of BRCs with no persons in the class	14.0	18.0	18.0	10.0	5.0
Percentage of BRCs with no persons in the class	50.0	64.3	64.3	35.7	17.9
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	0.0				
Percentage of BRCs with no people in any class	0.0				
Number of BRCs with no people in a paid class	10.0				
Percentage of BRCs with no people in a paid class	35.7				

**Table 3D3: Category 4: Non-Financial Support Provider (Small). Count = 349**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	0.05	0.18	0.11	0.24	12.03
Number of BRCs with at least one person in the class	17.0	35.0	14.0	23.0	319.0
Percentage of BRCs with at least one person the class	4.9	10.0	4.0	6.6	91.1
Number of BRCs with no persons in the class	332.0	314.0	335.0	313.0	30.0
Percentage of BRCs with no persons in the class	94.9	89.7	95.7	89.4	8.6
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	20.0				
Percentage of BRCs with no people in any class	5.7				
Number of BRCs with no people in a paid class	299.0				
Percentage of BRCs with no people in a paid class	85.4				

**Table 3E1: Category 5: Trading Enterprise (Large). Count = 9**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	1.3	2.4	3.1	4.5	3.4
Number of BRCs with at least one person in the class	4.0	6.0	6.0	6.0	6.0
Percentage of BRCs with at least one person the class	44.4	66.7	66.7	66.7	66.7
Number of BRCs with no persons in the class	5.0	3.0	3.0	2.0	3.0
Percentage of BRCs with no persons in the class	55.6	33.3	33.3	22.2	33.3
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	0.0				
Percentage of BRCs with no people in any class	0.0				
Number of BRCs with no people in a paid class	2.0				
Percentage of BRCs with no people in a paid class	22.2				

**Table 3E2: Category 5: Trading Enterprise (Medium). Count = 2**

Data for Each Class of Human Resource Effort	F	P	C	FTE	V
Number of persons in the class (BRC 1)	0.0	1.0	0.0	0.0	2.0
Number of persons in the class (BRC 2)	1.0	0.0	0.0	1.0	2.0

**Table 3E3: Category 5: Trading Enterprise (Small). Count = 15**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	0.0	0.87	0.07	0.42	11.53
Number of BRCs with at least one person in the class	0.0	7.0	1.0	3.0	13.0
Percentage of BRCs with at least one person the class	0.0	46.7	6.7	20.0	86.7
Number of BRCs with no persons in the class	15.0	8.0	14.0	9.0	2.0
Percentage of BRCs with no persons in the class	100.0	53.3	93.3	60.0	13.3
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	2.0				
Percentage of BRCs with no people in any class	13.3				
Number of BRCs with no people in a paid class	8.0				
Percentage of BRCs with no people in a paid class	53.3				

**Table 3F1: Category 6: Welfare Service Provider (Large). Count = 5**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	10.8	17.2	0.6	21.9	21.8
Number of BRCs with at least one person in the class	5.0	4.0	2.0	5.0	5.0
Percentage of BRCs with at least one person the class	100.0	80.0	40.0	100.0	100.0
Number of BRCs with no persons in the class	0.0	1.0	3.0	0.0	0.0
Percentage of BRCs with no persons in the class	0.0	20.0	60.0	0.0	0.0
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	0.0				
Percentage of BRCs with no people in any class	0.0				
Number of BRCs with no people in a paid class	0.0				
Percentage of BRCs with no people in a paid class	0.0				

**Table 3F2: Category 6: Welfare Service Provider (Medium). Count = 6**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	1.2	1.5	0.3	13.6	16.8
Number of BRCs with at least one person in the class	5.0	4.0	2.0	5.0	5.0
Percentage of BRCs with at least one person the class	83.3	66.7	33.3	83.3	83.3
Number of BRCs with no persons in the class	1.0	2.0	4.0	0.0	1.0
Percentage of BRCs with no persons in the class	16.7	33.3	66.7	0.0	16.7
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	0.0				
Percentage of BRCs with no people in any class	0.0				
Number of BRCs with no people in a paid class	0.0				
Percentage of BRCs with no people in a paid class	0.0				

**Table 3F3: Category 6: Welfare Service Provider (Small). Count = 26**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	0.35	0.23	0.96	0.43	9.15
Number of BRCs with at least one person in the class	4.0	2.0	3.0	5.0	21.0
Percentage of BRCs with at least one person the class	15.4	7.7	11.5	19.2	80.8
Number of BRCs with no persons in the class	22.0	24.0	23.0	21.0	5.0
Percentage of BRCs with no persons in the class	84.6	92.3	88.5	80.8	19.2
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	4.0				
Percentage of BRCs with no people in any class	15.4				
Number of BRCs with no people in a paid class	18.0				
Percentage of BRCs with no people in a paid class	69.2				

**Table 3G1: Category 7: Governance/Administration /Coordination (Large). Count = 69**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	17.0	14.1	7.4	26.0	539.7
Number of BRCs with at least one person in the class	52	30	20	33	29
Percentage of BRCs with >=1 person the class	75.4	43.5	29.0	47.8	42.0
Number of BRCs with no persons in the class	16	19	32	14	19
Percentage of BRCs with no persons in the class	23.2	27.5	46.4	20.3	27.5
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	11.0				
Percentage of BRCs with no people in any class	15.9				
Number of BRCs with no people in a paid class	16.0				
Percentage of BRCs with no people in a paid class	23.2				

**Table 3G2: Category 7: Governance/Administration /Coordination (Medium). Count = 39**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	1.5	2.2	1.0	2.8	45.2
Number of BRCs with at least one person in the class	23.0	30.0	20.0	33.0	29.0
Percentage of BRCs with at least one person the class	33.8	44.1	29.4	48.5	42.6
Number of BRCs with no persons in the class	16.0	10.0	27.0	7.0	3.0
Percentage of BRCs with no persons in the class	41.0	25.6	69.2	17.9	7.7
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	0.0				
Percentage of BRCs with no people in any class	0.0				
Number of BRCs with no people in a paid class	5.0				
Percentage of BRCs with no people in a paid class	12.8				

**Table 3G3: Category 7: Governance/Administration /Coordination (Small). Count = 53**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	1.6	1.1	1.0	2.5	11.8
Number of BRCs with at least one person in the class	13.0	11.0	6.0	12.0	36.0
Percentage of BRCs with at least one person the class	24.5	16.2	8.8	17.6	52.9
Number of BRCs with no persons in the class	40.0	42.0	47.0	39.0	17.0
Percentage of BRCs with no persons in the class	75.5	79.2	88.7	73.6	32.1
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	13.0				
Percentage of BRCs with no people in any class	24.5				
Number of BRCs with no people in a paid class	33.0				
Percentage of BRCs with no people in a paid class	62.3				

**Table 3H1: Category 8: Religious Order or Faith-Based Movement (Large). Count = 36**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	7.2	10.4	4.3	13.7	28.3
Number of BRCs with at least one person in the class	27.0	29.0	15.0	28.0	21.0
Percentage of BRCs with at least one person the class	75.0	80.6	41.7	77.8	58.3
Number of BRCs with no persons in the class	9.0	7.0	21.0	6.0	15.0
Percentage of BRCs with no persons in the class	25.0	19.4	58.3	16.7	41.7
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	3.0				
Percentage of BRCs with no people in any class	8.3				
Number of BRCs with no people in a paid class	6.0				
Percentage of BRCs with no people in a paid class	16.7				

**Table 3H2: Category 8: Religious Order or Faith-Based Movement (Medium). Count = 48**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	1.2	1.0	1.5	1.0	12.5
Number of BRCs with at least one person in the class	11.0	17.0	13.0	15.0	38.0
Percentage of BRCs with at least one person the class	22.9	35.4	27.1	31.3	79.2
Number of BRCs with no persons in the class	37.0	31.0	35.0	27.0	10.0
Percentage of BRCs with no persons in the class	77.1	64.6	72.9	56.3	20.8
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	7.0				
Percentage of BRCs with no people in any class	14.6				
Number of BRCs with no people in a paid class	24.0				
Percentage of BRCs with no people in a paid class	50.0				

**Table 3H3: Category 8: Religious Order or Faith-Based Movement (Small). Count = 119**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	0.24	0.23	0.29	0.46	24.85
Number of BRCs with at least one person in the class	18.0	10.0	11.0	19.0	80.0
Percentage of BRCs with at least one person the class	15.1	8.4	9.2	16.0	67.2
Number of BRCs with no persons in the class	101.0	109.0	108.0	99.0	39.0
Percentage of BRCs with no persons in the class	84.9	91.6	90.8	83.2	32.8
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	33.0				
Percentage of BRCs with no people in any class	27.7				
Number of BRCs with no people in a paid class	89.0				
Percentage of BRCs with no people in a paid class	74.8				

**Table 311: Category 9: Parish or Church (Large). Count =100**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	5.4	7.5	3.2	9.3	213.1
Number of BRCs with >=1 person in the class	85.0	92.0	54.0	93.0	99.0
Percentage of BRCs with >=1 person the class	85.0	92.0	54.0	93.0	99.0
Number of BRCs with no persons in the class	15.0	8.0	46.0	7.0	1.0
Percentage of BRCs with no persons in the class	15.0	8.0	46.0	7.0	1.0
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	1.0				
Percentage of BRCs with no people in any class	1.0				
Number of BRCs with no people in a paid class	4.0				
Percentage of BRCs with no people in a paid class	4.0				

**Table 312: Category 9: Parish or Church (Medium). Count = 985**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	1.3	2.4	0.9	2.4	86.4
Number of BRCs with at least one person in the class	679.0	816.0	395.0	882.0	966.0
Percentage of BRCs with at least one person the class	68.9	82.8	40.1	89.5	98.1
Number of BRCs with no persons in the class	306.0	169.0	590.0	24.0	19.0
Percentage of BRCs with no persons in the class	31.1	17.2	59.9	2.4	1.9
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	0.0				
Percentage of BRCs with no people in any class	0.0				
Number of BRCs with no people in a paid class	22.0				
Percentage of BRCs with no people in a paid class	2.2				

**Table 313: Category 9: Parish or Church (Small). Count = 5460**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	0.33	0.50	0.32	0.47	26.27
Number of BRCs with at least one person in the class	1,546.0	1,747.0	674.0	1,229.0	5,155.0
Percentage of BRCs with at least one person the class	28.3	32.0	12.3	22.5	94.4
Number of BRCs with no persons in the class	3,914.0	3,713.0	4,786.0	3,753.0	305.0
Percentage of BRCs with no persons in the class	71.7	68.0	87.7	68.7	5.6
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	174.0				
Percentage of BRCs with no people in any class	3.2				
Number of BRCs with no people in a paid class	2492.0				
Percentage of BRCs with no people in a paid class	45.6				

**Table 3J1: Category 10: Other Ministry (Large). Count =1**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Number of persons in the class	3.0	8.0	0.0	7.4	21.0

**Table 3J2: Category 10: Other Ministry (Medium). Count = 5**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	0.40	0.80	1.00	1.16	88.80
Number of BRCs with at least one person in the class	2.0	2.0	1.0	2.0	3.0
Percentage of BRCs with at least one person the class	40.0	40.0	20.0	40.0	60.0
Number of BRCs with no persons in the class	3.0	3.0	4.0	2.0	2.0
Percentage of BRCs with no persons in the class	60.0	60.0	80.0	40.0	40.0
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	0.0				
Percentage of BRCs with no people in any class	0.0				
Number of BRCs with no people in a paid class	1.0				
Percentage of BRCs with no people in a paid class	20.0				

**Table 3J3: Category 10: Other Ministry (Small). Count = 145**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	0.24	0.37	0.09	0.29	21.86
Number of BRCs with at least one person in the class	24.0	26.0	7.0	28.0	127.0
Percentage of BRCs with at least one person the class	16.6	17.9	4.8	19.3	87.6
Number of BRCs with no persons in the class	121.0	119.0	138.0	113.0	18.0
Percentage of BRCs with no persons in the class	83.4	82.1	95.2	77.9	12.4
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	11.0				
Percentage of BRCs with no people in any class	7.6				
Number of BRCs with no people in a paid class	101.0				
Percentage of BRCs with no people in a paid class	69.7				

As noted above, data from Tables 3A1 to 3J3 have been summarised in Tables 3K.1 to Table 3. K3. Table 3K.1 shows the human resource deployment of large BRCs in each category; Table 3K.2 shows the human resource deployment of medium BRCs in each category; and Table 3K.3, shows the human resource deployment of small BRCs in each category. Data in these Tables are organised in a way that permits a comparison of the human resource deployment by BRCs in each activity category.

The first five data rows of each Table present the average number of persons deployed in each of the five human resource classes. For example, the first data row shows the average number of full-time staff deployed, and the second data row shows the average number of part-time staff deployed. In the fifth data row, the average number of volunteers deployed is shown. For example, from Table 3K.3, it can be seen that for small BRCs in Category 2, the average number of full-time paid staff deployed was 0.1 persons; the average number of part-time staff deployed was .3 persons, and the average number of volunteers deployed was 7.2.

The next five data rows show the proportion (as a percentage) of entities (BRCs) with at least one person in a human resource class. For example, data row six shows the percentage of BRCs that have at least one full-time paid staff position; while data row ten shows the percentage of BRCs that deploy at least one volunteer. For example, it can be seen that 4.5% of small BRCs in Category 2 deployed at least one person in a full-time role; and 67% deployed at least one volunteer.

The next five data rows show the proportion (as a percentage) of entities (BRCs) that do not have a person in a human resource class. For example, data row eleven shows the percentage of BRCs that have no full-time staff; while data row twelve shows the percentage that have no part-time staff. For example, we can see that 94.3% of small Category 2 BRCs did not deploy a person in a full-time role; and 87.5% did not deploy a person in a part-time role.

The last two data rows show the proportion (as a percentage) of BRCs that do not have a person deployed in a particular capacity. That is, data row sixteen shows the percentage of BRCs that do not deploy a person in any capacity; while data row seventeen shows the percentage of BRCs that do not deploy a person in any paid capacity. For example, we can see that 30.7% of small Category 2 BRCs had no paid staff and no volunteers; while 85.2 % had no paid staff (but they may have deployed one or more volunteers).



### **Discussion of Data Displayed in Tables 3K1 to 3K3**

The descriptive statistics presented in Part 5 provide useful insight into the nature of BRCs.

Large BRCs. The highest levels of paid staff deployment (on all measures) were in large BRCs involved in Governing, Administration and Coordination (Category 7). This perhaps not surprising given the wide range of staff required to govern or administer a diocese or presbytery.

Large Welfare Service Providers (Category 6) and large Non-Financial Support Providers (Category 4) deployed the second largest cohorts of paid staff. Again, the nature of the work undertaken in these fields is labour intensive.

That large Religious Orders and Faith-Based Movements (Category 8) deployed more paid staff than large Religious Charitable Development Funds (Category 1) perhaps indicates the level of welfare activities undertaken by Religious Orders.

It was something of a surprise to see the paid staff levels of large Parishes and Churches (Category 9) at approximately the same level as those of large Religious Charitable Development Funds (Category 1) and slightly higher than large BRCs classified as Other Funds (Category 2) because of the sheer size of Category 1 and Category 2 BRCs. (In 2020, the combined Income of Category 1 BRCs was more than \$200m)

It was not surprising that, amongst large BRCs, those in Category 5: Trading Enterprises were amongst the smallest employers of paid staff because of the nature of the industries in which they operated (for example funeral services and specialised retail). That large Property Trusts (Category 3) were also at the low end of paid deployment likely reflects the passive nature of trusteeship.

When we look at the human resource capacity indicated by the data in rows six to nine, we see that BRCs that are more directly involved in advancing religion, i.e. those in Categories

7,8 and 9, deploy larger paid staff cohorts than do those that are indirectly involved as resource providers (Categories 2,3 and 4). Again, capacity indicators reflected in rows 6 to 10 place Category 1 and Category 9 BRCs at a similar level of deployment.

The human resource capacity indicated by the data in rows eleven to fourteen place Parishes and Churches (Category 9) at the higher end of paid staff deployment, and suggest a fairly even level of deployment within that category. Conversely, it appears that there are many BRCs in Categories 2 and 3 that have very low levels of paid staff. Human resource capacity indicated by data in rows sixteen and seventeen also reflect these relativities.

With respect to volunteer capacity, the data in Table 3K.1, shows that, in absolute numbers, the largest cohort was mobilised by BRCs involved in Governing, Administration and Coordination (Category 7) with Parishes and Churches (Category 9) a clear second. That the ratio of FTE paid staff to volunteers was highest in large Parishes and Churches (Category 9) and large Governing, Administration and Coordination (Category 7), likely reflects the relationships between ministers and congregations (Category 9); and church leaders and faith adherents (Category 7).

Of large BRCs involved in resource provision (Categories 1,2,3,4 and 5), the highest levels of volunteer deployment were in BRCs that provide non-financial support (Category 4). Given the diversity of activity by BRCs in this category (as discussed above in Part 4). This finding suggests only that more work is required to fully understand the nature of BRCs in that category.

The indicators of volunteer capacity also suggest that, across the BRCs in Category 7: Governing, Administration and Coordination, volunteer deployment is uneven since BRCs in this category had by far the highest average number by (539.7), but more than a quarter of them deployed no volunteers.

Large Religious Charitable Development Funds (Category 1) were the only BRCs that deployed more paid staff than volunteers. This is not perhaps surprising because of the

nature of their activities (staff perform similar in day-to-day functions as do staff of credit union). However, some caution is required when comparing paid human resource effort with volunteer effort because, while one indicator of paid staff deployment is expressed as full-time-equivalent (FTE); volunteer effort is not, i.e. only the raw number of persons volunteering is recorded, so, for example, the effort of a volunteer deployed for ten hours is recorded no differently to the effort of a volunteer deployed for one hour

Medium BRCs. Because many of the Categories for medium BRCs had low counts, analysis is somewhat limited. However, for categories that had a count of at least ten BRCs, the high ratio of average FTE to volunteers for BRCs in Category 3: Property Trusts, stands out. Again, relatively high levels of volunteering were found in Category 4 BRCs, with those most directly involved in advancing religion (Categories 7,8,9 and 10).

As well, the relationships noted immediately above for BRCs in Category 7 and Category 9, are also reflected in the indicators for medium BRCs in those categories.

Overall for medium BRCs, variation in the average numbers of each class of paid human resource was much less than for large BRCs. The only indicator of paid capacity to stand out was that for FTE of Category 6 BRCs (Welfare Service Providers).

Small BRCs. That the overwhelming majority of BRCs are small implies that analysis of their human resource deployment will be more instructive.

Again, the raw numbers for average deployment of paid staff show BRCs in Category 7: Governing, Administration and Coordination to be the largest employers, with those in Category 9: Parishes and Churches the second largest employer.

Resource providers, Categories 2,3 and 4 in particular, had very low levels of paid staff, which is reflected in the data for every capacity indicator relating to paid staff. BRCs in these Categories also displayed relatively high ratios of volunteer to paid positions, with that for small BRCs in Category 3: Property Trusts being far higher (.01:11.21, or 1: 1,121). The dearth of paid human resources for small Property Trusts is also reflected in the indicators that show the proportion of BRCs with no person in a human resource class. For small Property Trusts the percentages of BRCs with no person in a paid capacity range from

98.877% to 99.75%, but only 7.37% have no volunteers. This suggests that managing small property trusts requires much less time and attention than that required for other activities; and that they are managed by volunteer trustees. This finding is consistent with the observation made in Part 4 that the majority of small property trusts are managed by the professional entity, Anglican Church Property Trust.

Other pertinent observations of the data for small BRCs are: (1) the highest levels of paid human resource deployment are (in descending order) Category 7, Category 9, Category 6, Category 8, Category 5 and Category 10. The resources available to small Category 9 BRCs are further indicated by the data in rows sixteen and seventeen: Parishes and Churches have the lowest proportion of BRCs with no person in any position (3.2%) and no person in a paid position (45.6 %)

The proportion of BRCs that have no paid or volunteer staff is very high for BRCs in Category 2: Other Funds; and Category 3: Property Trusts; and particularly so in small funds and trusts than in larger ones. One possibility is that many BRCs in these categories are merely passive financial entities. For example, it is documented in Part 4 of this paper that the assets of some property trusts comprise the proceeds of a deceased estate.

**Table 3K1: Comparison of Human Resources Deployed by Large BRCs**

		<b>Large</b>									
		Category 1: Religious Charitable Development Fund	Category 2: Other Fund	Category 3: Property Trust	Category 4: Non- Financial Support Provider	Category 5: Trading Entity	Category 6: Welfare Services Provider	Category 7: Gov/Admin /Coord.	Category 8: Religious Orders & Faith Based Movement	Category 9: Parishes and Churches	Category 10: Other Ministry
	COUNT	19	11	19	24	9	5	69	36	100	1
<b>CAPACITY INDICATOR</b>											
<b>Data for Each Class of Human Resource</b>											
<b>Average Number for Each Class of Human Resource Deployed</b>											
	Average number of full-time paid staff deployed	6.0	5.8	2.2	15.1	1.3	10.8	17.0	7.2	5.4	
	Average number of part-time paid staff deployed	3.6	2.2	1.7	5.8	2.4	17.2	14.1	10.4	7.5	
	Average number of casual paid staff deployed	1.6	0.8	0.8	4.6	3.1	0.6	7.4	4.3	3.2	
	Average number of FTE paid staff deployed	9.4	7.3	3.2	18.9	4.5	21.9	26.0	13.7	9.3	
	Average number of volunteers deployed	2.2	9.5	5.6	59.2	3.4	21.8	539.7	28.3	213.1	
<b>Proportion of entities with at least one person in the HR Class</b>											
	Percent of entities with at least one full-time paid	73.7	18.2	10.5	54.2	44.0	100.0	75.4	75.0	85.0	
	Percent of entities with at least one part-time paid	57.9	27.3	10.5	54.2	66.7	80.0	43.5	80.6	92.0	
	Percent of entities with at least one casual paid sta	15.8	9.1	15.8	33.3	66.7	40.0	29.0	41.7	54.0	
	Percent of entities with at least one FTE paid staff	73.7	27.3	15.8	58.3	66.7	100.0	47.8	77.8	93.0	
	Percent of entities with at least one FTE Volunteer	21.1	54.5	42.1	66.7	66.7	100.0	42.0	58.3	99.0	
<b>Proportion of entities with no persons in the HR Class</b>											
	Percent of entities with no full-time paid staff	26.3	81.8	89.5	45.8	55.6	0.0	23.2	25.0	15.0	
	Percent of entities with no part-time paid staff	42.1	72.7	89.5	45.8	33.3	20.0	27.5	19.4	8.0	
	Percent of entities with no casual paid staff	84.2	90.9	84.2	66.7	33.3	60.0	46.4	58.3	46.0	
	Percent of entities with no FTE paid staff	21.1	72.7	78.9	41.7	22.2	0.0	20.3	16.7	7.0	
	Percent of entities with no Volunteers	78.9	45.5	57.9	33.3	33.3	0.0	27.5	41.7	1.0	
<b>Data for the Count</b>											
	Percentage of entities with no person in any class	15.8	36.4	20.0	0.0	0.0	0.0	15.9	8.3	1.0	
	Percentage of entities with no person in a paid clas	21.1	72.7	70.0	35.7	22.2	0.0	23.2	16.7	4.0	

**Table 3K2: Comparison of Human Resources Deployed by Medium BRCs**

		<b>Medium</b>									
	Category 1: Religious Charitable Development Fund	Category 2: Other Fund	Category 3: Property Trust	Category 4: Non- Financial Support Provider	Category 5: Trading Entity	Category 6: Welfare Services Provider	Category 7: Gov/Admin /Coord.	Category 8: Religious Orders & Faith Based Movement	Category 9: Parishes and Churches	Category 10: Other Ministry	
<b>COUNT</b>	<b>1</b>	<b>5</b>	<b>10</b>	<b>28</b>	<b>2</b>	<b>6</b>	<b>39</b>	<b>48</b>	<b>985</b>	<b>5</b>	
<b>CAPACITY INDICATOR</b>											
<b>Data for Each Class of Human Resource</b>											
<b>Average Number for Each Class of Human Resource Deployed</b>											
Average number of full-time paid staff deployed	0	0	0.2	1.8		1.2	1.5	1.2	1.3	0.4	
Average number of part-time paid staff deployed	0	0	0.3	1.5		1.5	2.2	1	2.4	0.8	
Average number of casual paid staff deployed	0	0	0	1.7		0.3	1	1.5	0.9	1	
Average number of FTE paid staff deployed	0	0	0.2	3.6		13.6	2.8	1	2.4	1.16	
Average number of volunteers deployed	6	6	11.7	23.2		16.8	45.2	12.5	86.4	88.8	
<b>Proportion of entities with at least one person in the HR Class</b>											
Percent of entities with at least one full-time paid staff		0	20	50		83.3	33.8	22.9	68.9	40	
Percent of entities with at least one part-time paid staff		0	10	35.7		66.7	44.1	35.4	82.8	40	
Percent of entities with at least one casual paid staff		0	0	35.7		33.3	29.4	27.1	40.1	20	
Percent of entities with at least one FTE paid staff		0	10	64.3		83.3	48.5	31.3	89.5	40	
Percent of entities with at least one FTE Volunteer		80	60	82.1		83.3	42.6	79.2	98.1	60	
<b>Proportion of entities with no persons in the HR Class</b>											
Percent of entities with no full-time paid staff		100	80	50		16.7	41	77.1	31.1	60	
Percent of entities with no part-time paid staff		100	90	64.3		33.3	25.6	64.6	17.2	60	
Percent of entities with no casual paid staff		100	100	64.3		66.7	69.2	72.9	59.9	80	
Percent of entities with no FTE paid staff		100	80	35.7		0	17.9	56.3	24	40	
Percent of entities with no Volunteers		20	40	17.9		16.7	7.7	20.8	19	40	
<b>Data for the Count</b>											
Percentage of entities with no person in any class		20	20	0		0	0	14.6	3.2	0	
Percentage of entities with no person in a paid class		100	70	35.7		0	12.8	50	45.6	20	

**Table 3K3: Comparison of Human Resources Deployed by Small BRCs**

<b>Small</b>										
	Category 1: Religious Charitable Development Fund	Category 2: Other Fund	Category 3: Property Trust	Category 4: Non- Financial Support Provider	Category 5: Trading Entity	Category 6: Welfare Services Provider	Category 7: Gov/Ad min /Coord.	Category 8: Religious Orders & Faith Based Movement	Category 9: Parishes and Churches	Category 10: Other Ministry
<b>CAPACITY INDICATOR</b>	<b>1</b>	<b>89</b>	<b>407</b>	<b>349</b>	<b>15</b>	<b>26</b>	<b>53</b>	<b>119</b>	<b>5460</b>	<b>145</b>
<b>DATA FOR EACH CLASS OF HUMAN RESOURCE</b>										
<b>Average Number for Each Class of Human Resource Deployed</b>										
Average number of full-time paid staff deployed		0.10	0.01	0.05	0.00	0.35	1.60	0.24	0.33	0.24
Average number of part-time paid staff deployed		0.30	0.00	0.18	0.87	0.23	1.10	0.23	0.50	0.37
Average number of casual paid staff deployed		0.00	0.00	0.11	0.07	0.96	1.00	0.29	0.32	0.09
Average number of FTE paid staff deployed		0.00	0.01	0.24	0.42	0.42	2.50	0.46	0.47	0.29
Average number of volunteers deployed		7.20	11.21	12.03	11.53	9.15	11.80	24.85	26.27	21.86
<b>Proportion of entities with at least one person in the HR Class</b>										
Percent of entities with at least one full-time paid staff		4.50	0.98	4.90	0.00	15.40	24.50	15.10	28.30	16.60
Percent of entities with at least one part-time paid staff		11.40	0.25	10.00	46.70	7.70	16.20	8.40	32.00	17.90
Percent of entities with at least one casual paid staff		3.40	0.49	4.00	6.70	11.50	8.80	9.20	12.30	4.80
Percent of entities with at least one FTE paid staff		6.80	0.49	6.60	20.00	19.20	17.60	16.00	22.50	19.30
Percent of entities with at least one FTE Volunteer		67.00	92.63	91.10	86.70	80.80	52.90	67.20	94.40	87.60
<b>Proportion of entities with no persons in the HR Class</b>										
Percent of entities with no full-time paid staff		94.30	99.02	94.90	15.00	84.60	75.50	15.10	71.70	83.40
Percent of entities with no part-time paid staff		87.50	99.75	89.70	8.00	92.30	79.20	8.40	68.00	82.10
Percent of entities with no casual paid staff		95.50	99.51	95.70	14.00	88.50	88.70	9.20	87.70	95.20
Percent of entities with no FTE paid staff		88.60	98.77	89.40	9.00	80.80	73.60	16.00	68.70	77.90
Percent of entities with no Volunteers		31.80	7.37	8.60	2.00	19.20	32.10	67.20	5.60	12.40
<b>Data for the Count</b>										
Percentage of entities with no person in any class		30.70	6.88	5.70	13.30	15.40	24.30	27.70	3.20	7.60
Percentage of entities with no person in a paid class		85.20	98.28	85.40	53.30	69.20	62.30	74.80	45.60	69.70

**Comparison of the Human Resource Effort Deployed by Small Parishes and Churches with the Human Resource Effort Deployed by Small Charities that are Not Classified as BRCs**

One of the main arguments for excluding BRCs from reporting financial information was that small BRCs, mainly parishes and churches, lacked ‘administrative capacity’. It is instructive, therefore, to compare the human resource effort deployed by small parishes and churches with those deployed by small charities that are not classified as BRCs, and which are required to report financial information in their AISs. Table 4.1, which is a duplicate of Table 3.13 shows the human resource effort deployed by small parishes and churches (Category 9). Table 4.2 shows the human resource effort deployed by the complete population (25,072) small charities that are not classified as BRCs. However, because of data reporting problems (which were noted earlier in Part 5, and are discussed further in Part 7 under, 1: Data Quality), the population of small non-BRC charities was adjusted to remove 45 entities that reported clearly erroneous figures, i.e. they reported a full-time staff complement of 10 or more persons. (These 45 charities, with the human resource figures they reported in their 2020 AISs are shown included as Appendix 7.) The human resource effort deployed by the adjusted set of 25,017 small charities that are not classified as BRCs is shown in Table 4.3. The figures reported in Tables 4.1, 4.2 and 4.3 are compared in Table 4.4.

**Table 4.1 (Copy of Table 3.13): Category 9: Parish or Church (Small). Count = 5460**

Data for Each Class of Human Resource Effort	Human Resource Class				
	F	P	C	FTE	V
Average number of persons in the class	0.33	0.50	0.32	0.47	26.27
Minimum number of persons in the class	0.0	0.0	0.0	0.0	0.0
Maximum number of persons in the class	7.0	34.0	100.0	200.0	500.0
Number of BRCs with at least one person in the class	1,546.0	1,747.0	674.0	1,229.0	5,155.0
Percentage of BRCs with at least one person the class	28.3	32.0	12.3	22.5	94.4
Number of BRCs with no persons in the class	3,914.0	3,713.0	4,786.0	3,753.0	305.0
Percentage of BRCs with no persons in the class	71.7	68.0	87.7	68.7	5.6
<b>Data for the Count</b>	<b>Entities</b>				
Number of BRCs with no people in any class	174.0				
Percentage of BRCs with no people in any class	3.2				
Number of BRCs with no people in a paid class	2492.0				
Percentage of BRCs with no people in a paid class	45.6				



**Table 4.2: All Small Charities that are Not BRCs. Count = 25072**

<b>Data for Each Class of Human Resource Effort</b>	<b>Human Resource Class</b>				
	<b>F</b>	<b>P</b>	<b>C</b>	<b>FTE</b>	<b>V</b>
Average number of persons in the class	0.36	0.46	0.46	0.73	24.15
Number of BRCs with at least one person in the class	2269	3614	2737	3181	21126
Percentage of BRCs with at least one person the class	9.05	14.41	10.92	12.69	84.26
Number of BRCs with no persons in the class	22,803	21,458	22,335	20,467	3,946
Percentage of BRCs with no persons in the class	90.95	85.59	89.08	81.63	15.74
<b>Data for the Count</b>					
Number of BRCs with no people in any class	3,340				
Percentage of BRCs with no people in any class	13.32				
Number of BRCs with no people in a paid class	18,340				
Percentage of BRCs with no people in a paid class	73.15				

**Table 4.3: Small Charities that are Not BRCs (Outliers Removed). Count = 25017**

<b>Data for Each Class of Human Resource Effort</b>	<b>Human Resource Class</b>				
	<b>F</b>	<b>P</b>	<b>C</b>	<b>FTE</b>	<b>V</b>
Average number of persons in the class	0.12	0.28	0.38	0.40	24.12
Minimum number of persons in the class	0	0	0	0	0
Maximum number of persons in the class	9	62	120	2079	20000
Number of BRCs with at least one person in the class	2215	3569	2699	3136	21089
Percentage of BRCs with at least one person the class	8.85	14.27	10.79	12.54	84.30
Number of BRCs with no persons in the class	22,803	21,449	22,319	20,457	3,929
Percentage of BRCs with no persons in the class	91.15	85.74	89.22	81.77	15.71
<b>Data for the Count</b>					
Number of BRCs with no people in any class	3,340				
Percentage of BRCs with no people in any class	13.35				
Number of BRCs with no people in a paid class	18,340				
Percentage of BRCs with no people in a paid class	73.31				

**Table 4.4: Comparison of Data from Tables 4.1 to 4.3**

<b><u>CAPACITY INDICATOR</u></b>	<b>Small Parishes and Churches</b>	<b>Small Non-BRC Charities (adjusted)</b>	<b>All Small Non-BRC Charities</b>
<b>Data for Each Class of Human Resource</b>			
<b>Average Number for Each Class of Human Resource Deployed</b>			
Average number of full-time paid staff deployed	0.33	0.12	0.36
Average number of part-time paid staff deployed	0.5	0.28	0.46
Average number of casual paid staff deployed	0.32	0.38	0.46
Average number of FTE paid staff deployed	0.47	0.4	0.73
Average number of volunteers deployed	26.27	24.12	24.15
<b>Proportion of Entities with at Least One Person in the HR Class</b>			
Percent of entities with at least one full-time paid staff	28.3	8.85	9.05
Percent of entities with at least one part-time paid staff	32.0	14.27	14.41
Percent of entities with at least one casual paid staff	12.3	10.79	10.92
Percent of entities with at least one FTE paid staff	22.5	12.54	12.69
Percent of entities with at least one FTE Volunteer	94.4	84.3	84.26
<b>Proportion of Entities with No Persons in the HR Class</b>			
Percent of entities with no full-time paid staff	71.7	91.15	90.95
Percent of entities with no part-time paid staff	68.0	85.74	85.59
Percent of entities with no casual paid staff	87.7	89.22	89.08
Percent of entities with no FTE paid staff	68.7	81.77	81.63
Percent of entities with no Volunteers	5.6	15.71	15.74
<b>Data for the Count</b>			
<b>Percentage of entities with no person in any class</b>	3.2	13.35	13.32
<b>Percentage of entities with no person in a paid class</b>	45.6	73.31	73.15

**Table 4.4** shows unequivocally that the human resources of small parishes and churches are much greater than those of small charities that are not classified as BRCs.

- The average number of paid and volunteer deployments for small parishes and churches was greater than those for the adjusted set of small non-BRC charities for every indicator, and greater than those for the unadjusted set of small non-BRC charities for two of the five indicators.
- The proportion of entities with at least one person any paid role, or in a volunteer role, for small parishes and churches was greater than those for both the adjusted and unadjusted set of non-BRC charities.

- The proportion of entities with no person in each paid or volunteer role was less for small parishes and churches was greater than those for both the adjusted and unadjusted set of non-BRC charities.
- The proportion of small parishes and churches with no person in either a paid or a voluntary role was much less for small parishes and churches for either the adjusted and unadjusted set of non-BRC charities.

## **PART 6: FINANCIAL REPORTING REQUIREMENTS OF BASIC RELIGIOUS CHARITIES CONTAINED IN THEIR GOVERNING DOCUMENTS**

Part 6 provides examines the financial reporting requirements of BRCs that are contained in the Governing Documents. As such, it provides some insight into current practices of BRCs. It should be seen as indicative, rather than representative, of financial reporting practices of BRCs because the information available was not uniform. For some BRCs the Governing Document was specific to the BRC (for example, Maronite Catholic Parish of Our Lady of Lebanon Harris Park (ABN 92475205390), which is discussed later in Part 6), or comprised a pronouncement of a denominational authority that covered a class of entities to which the BRC belonged (for example, Anglican Church of Australia Quakers Hill (ABN 48296443042), which is also discussed below). In such cases, financial reporting requirements were clearly defined. However, for many BRCs, either no Governing Document was available, or, if it was available, it was general and did not include specific financial reporting requirements. An example of this is the many BRCs of the Catholic Church, which provided the entire *Code of Canon Law* as their Governing Document (for example, the Australian Catholic Bishops Conference (ABN: 60597896756), which is also discussed below. Similarly, some BRCs of the Uniting Church in Australia lodged the *Constitution of the Uniting Church in Australia* as their Governing Document (for example, Uca - Townsville Central Uniting Church ABN 40815672700); while Ashburton Presbyterian Church (ABN 52417600813 ), a small BRC, lodged as its Governing Document, the 259-page document, titled, *Code Book of the Presbyterian Church of Victoria*.

In light of the above, a purposive approach was taken to find examples of financial reporting requirements contained in Governing Documents of BRCs. That is, with one exception, items were selected on the basis that they provided an explicit example of a reporting practice. The exception was the Australian Catholic Bishops Conference (ABN: 60597896756), because it was felt that some consideration should be given in this paper to the reporting requirements of the Code of Canon Law since this document was so widely applied by BRCs. It is also acknowledged that the selection of items was influenced by the availability of good quality information. As such, a good number of examples concern entities of the Sydney Diocese of the Anglican Church because their financial reporting requirements and, in some cases their financial statements, are publicly available on the website of Sydney Diocesan Services (<https://www.sds.asn.au/>).

### **Category 1: Religious Charitable Development Funds.**

Two examples of financial reporting requirements contained in Governing Documents are Catholic Development Fund Diocese of Wollongong (ABN 74896491936) and Anglican Investment and Development Fund (ABN: 71007807415).

1: Catholic Development Fund Diocese of Wollongong (ABN 74896491936). The Governing Document for this BRC, is titled, 'Catholic Development Fund Diocese of Wollongong: Charter and Rules. As is typical of entities of the Catholic Church, it is cast within the framework of Canon Law (specifically Canons 1254 and 1256, which, in this instance, place direction of the Fund in the Office the Bishop of the Diocese of Wollongong with the assistance of an Advisory Council\*).

**Note** \*The Advisory Council is a council comprising experts in financial management that is chosen by the Bishop of the Diocese of Wollongong and is subject to direction and control of the Bishop.

The financial reporting requirements are set out in Section 10 of the Charter and Rules. While there is a requirement for financial statements to be prepared annually, and audited within two months of the end of the year, the Charter and Rules do not specify what should be reported or which accounting policies should be applied. Nor is there mention of any

external accountability, with the Charter and Rules only specifying that the financial statements be provided to the Bishop and the Advisory Council. The financial reporting and audit requirements are:

*10. AUDIT*

*10.1 The Advisory Council\* shall appoint an external auditor to carry out the audit of the accounts of the Fund at intervals determined by the Bishop from time to time but in any event within two months after the end of each financial year. No person shall be appointed as auditor unless that person is a registered public accountant in terms of the Public Accountants Registration Act 1945 as amended.*

*10.2 The Advisory Council shall appoint an Audit, Finance & Insurance Committee. The quorum shall be three members.*

*10.3 The Audit, Finance & Insurance Committee will recommend to the Advisory Council;*

- (1) the selection of an auditor.*
- (2) The tenure of auditor.*
- (3) Negotiating/Determining audit costs.*
- (4) Financial Reporting practices.*
- (5) Business ethics, policies and practices.*
- (6) Accounting Policies.*
- (7) Management and internal controls.*
- (8) Review the final draft audited accounts and if appropriate recommend to Advisory Council for acceptance.*
- (9) Risk Management Policy and review of Prudential Standards.*
- (10) Insurance Policy and practice.*
- (11) Interest Rate Policy.*

*10.4 The auditors shall carry out an audit in respect of all funds and accounts of the Fund to an extent sufficient to enable the auditor to certify: -*

- (1) whether the accounts are in the auditor's opinion properly drawn up so as to give a true and fair view of the state of affairs of the Fund and of the surplus or deficit for the year; and*
- (2) whether the accounting records have in the auditor's opinion been properly kept.*

2: Anglican Investment and Development Fund (ABN 71007807415) \*. The Governing Document of this BRC is an Ordinance of the Anglican Diocese of Canberra and Goulburn, titled, the '*Anglican Investment and Development Fund Ordinance 2016*'. It includes the following:

21. ANNUAL AND OTHER REPORTS

21.1 *The Board shall provide a report to the Property Trust\*\* and Bishop-in-Council\*\*\* on the operations of the Fund together with a current financial statement at least once a quarter and at such other times as Bishop-in-Council requires.*

21.2 *The Board shall provide a report on its activities to each ordinary Session of Synod\*\*\*\*.*

**Notes:**

\* Anglican Investment and Development Fund operates within the Anglican Diocese of Canberra and Goulburn.

\*\* *Property Trust* is the Anglican Church Property Trust Diocese of Canberra and Goulburn, which is the Trustee of the Fund.

\*\*\* Bishop-in-Council is the standing committee of the Synod of the Diocese of Canberra and Goulburn; and

\*\*\*\* Synod is the governing council of the Diocese of Canberra and Goulburn.

As noted above, Religious Charitable Development Funds are required by the regulator (ASIC) to provide audited financial reports on their websites. However, the nature and content of such reports appears to be determined by the board (with agreement of the external auditor). There was, however, notable variation in the application of the reporting entity concept amongst Category 1 BRCs, with some preparing General Purpose Financial Reports, and others Special Purpose Financial Reports. Category 1 BRCs also published on their website an Identification Statement, which they are also required to disclose by ASIC. Interestingly, the Identification Statement of Catholic Development Fund Diocese of Wollongong (ABN 74896491936). included the following,

*The CDF is a basic religious charity and therefore is not required to lodge audited financial statements with the Australian Charities and Not-for-Profits Commission. Consistent with the requirements of the ASIC Instrument, audited financial statements issued after 01 January*

2018 will be lodged with ASIC and published on our web site [www.cdfwollongong.org.au](http://www.cdfwollongong.org.au) and [www.dow.org.au/CDF](http://www.dow.org.au/CDF) (emphasis added).

A few Category 1 BRCs voluntarily lodged their financial reports with the ACNC; and at least one, Anglican Investment and Development Fund (ABN: 71007807415), also demonstrated its compliance with the ACNC Governance Standards. The quality of that BRCs financial reporting can be seen in the following extract from its 2020 Financial statements.

*Basis of Preparation*

*The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board, the Fund's Ordinance and the Australian Charities and Not-for-Profits Commission Act 2012. The Fund is a not-for-profit, private sector entity which is not publicly accountable.*

## **Category 2 Other Funds**

A number of Catholic BRCs in this category lodged the entire Code of Canon Law as their Governing Document. For example, Catholic Diocese of Port Pirie Inc Motor Mission Account (ABN 83811778380), lodged the following,

*“The Catholic Diocese of Port Pirie Motor Mission Account is an integral part of the Roman Catholic Diocese of Port Pirie which covers the motor vehicle expenses for all priests in the Diocese of Port Pirie. It is governed by the Universal Constitution of the Roman Catholic Church, the Code of Canon Law and other norms and regulations of the Roman Catholic Diocese of Port Pirie. A copy of the Code of Canon Law is available at the following link: [http://www.vatican.va/archive/ENG1104/\\_INDEX.HTM](http://www.vatican.va/archive/ENG1104/_INDEX.HTM) “*

Two examples of specific financial reporting requirements contained in Governing Documents of BRCs classified as Category 2: Other Funds are: (1) Priest’s (sic) Remuneration Fund (ABN 99049307162), which is a medium BRC; and (2) The Trustee for The Anglican Church of Australia Long Service Leave Fund (ABN 53579792912), which is a large BRC.

1: Priest's Remuneration Fund (ABN 99049307162). The Governing Document of this BRC is titled, '*Charter of Priests Remuneration Fund of The Archdiocese of Melbourne*'. While it is explicitly cast within the framework of the 1983 Code of Canon Law, it nonetheless specifically provides for the governance of this particular BRC. It contains the following financial reporting requirements:

18. ACCOUNTS

- (a) The Committee shall keep a complete and accurate record of all receipts and expenditures on account of the PRF.*
- (b) Promptly after the close of each Accounting Period the Committee shall prepare or cause to be prepared a written accounting report (prepared in accordance with normally accepted accounting procedures) for such period consisting of a balance sheet and statement of income and expenditure and a list of assets held at the close of such year ("the Accounts") and a copy thereof shall be furnished to the Archbishop prior to the AGM. The Accounts shall show separately endowed and perpetual trust funds and other separate funds required to be kept pursuant to this Charter.*
- (c) The Accounts shall be presented to the next AGM following the close of each Accounting Period.*
- (d) There shall be a note to the Accounts giving particulars of the financial institutions with whom the moneys of the PRF have been invested.*

19. AUDIT

- (a) The inaugural Committee shall appoint an auditor who shall hold office until the first AGM held pursuant to this Charter and at that AGM and at each succeeding AGM an auditor shall be appointed by the meeting.*

2: The Trustee for The Anglican Church of Australia Long Service Leave Fund (ABN 53579792912). The Governing Document of this BRC that is available on the ACNC website comprises the Trust Deed that established the entity in 1975 and a Canon of the Anglican Diocese of Sydney, titled, '*Long Service Leave Canon 1992*'. That canon has since been updated a number of times. While the financial reporting requirements have remained the



same, the section numbers have changed. The following extract is taken from the 1992 Canon. The financial reporting requirements are:

Financial Statements and Audit

18. The Board must -

- (a) keep account of all money received by and disbursed from the Fund and all dealings in connection with that money;*
- (b) keep appropriate records and accounts in proper order, and make suitable arrangements for their custody and for custody of documents relating to the investments;*
- (c) prepare or have prepared as soon as practicable after the end of each Fund Year financial statements consisting of a balance sheet as at the end of the Fund Year and a statement of income and expenditure for that Fund Year;*
- (d) have the financial statements of the Fund audited by an auditor appointed by the Board; and*
- (e) require a report to be given to the Board by the auditor in respect of each such audit.*

Reporting

19. (1) The Board must once at least in every year have copies of the audited financial statements together with a short report of the Fund's operations for the year provided to

- (a) the Standing Committee;*
- (b) the Bishop and Registrar of every participating diocese; and*
- (c) the proper officer of every participating organisation.*

(2) A report of the proceedings of the Board since the previous Ordinary Session of General Synod together with a copy of all financial statements and reports under sub-section (1) made since that Session must be laid before each Ordinary Session of General Synod.

The Trustee for The Anglican Church of Australia Long Service Leave Fund (ABN 3579792912) was one BRC that voluntarily lodged its 2020 (and other) financial statements with the ACNC and so it is possible to learn something of its practice. What we see is that this BRC prepares Tier 2 General Purpose Financial Statements that comply Australian Accounting Standards (Reduced Disclosure Requirements) and the Long Service Leave Canon 2017. The audit report also attests to such compliance.

### **Category 3: Property Trusts.**

The nature of the Governing Documents for this category of BRCs showed considerable variation. Some, such as Jeremiah Butterworth Estate (ABN 22633585704), arose from a deceased estate where the Governing Document is a last will and testament that did not include any reporting requirements. (However, the trustees voluntarily lodged an audited annual financial report with the ACNC and included financial information in the 2020 AIS.)

More than 50% of the small BRCs that are property trusts operated within the domain of the Anglican Church, and had as their trustee the Anglican Church Property Trust (ACPT) and had as their Governing Document an Anglican Church Ordinance. Most of these, for example, ACPT - Croydon Trust (ABN 66682487335), did not contain a specific requirement to prepare an annual financial report. However, the ACPT itself is required to report annually to the Synod of the Anglican Church of Sydney on its, "*membership, structure and activities*" (Anglican Church Property Trust Diocese of Sydney (Financial Reporting) Amendment Ordinance 2014.)

An example of a Governing Document that did include a requirement to prepare an annual financial report was that of Trustee for Christian Missions Trust (ABN 27806889212).

S. 10(12) of the document stated,

*"The Trustee shall keep complete and accurate records of all receipts and expenditures on account of the Trust Fund. Promptly after the close of each Accounting Period the Trustee shall prepare a financial report in accordance with Australian Accounting Standards for such period consisting of a balance sheet and statement of income and expenditure."*

Another example is that of The Trustee for St Andrew's House Trust (ABN 81498954541), which, at s. 11 of its governance document is required,

*"...to comply with the provisions of the Accounts, Audits & Annual Reports Ordinance 1995 as if the Trustee, in its capacity as trustee of the Trust, was an organisation for the purposes of that Ordinance."*

Under this Ordinance, The Trustee for St Andrew's House Trust is required to,

*“prepare annual financial statements in accordance with the Accounting Standards, have them audited and provide them to the Synod. “*

The financial statements of The Trustee For St Andrew's House Trust are available at the website of Sydney Diocesan Services:

([https://www.sds.asn.au/sites/default/files/YE%202020%20SAHC%20Annual%20Financial%20Report%20signed.pdf?doc\\_id=NDc4OTI](https://www.sds.asn.au/sites/default/files/YE%202020%20SAHC%20Annual%20Financial%20Report%20signed.pdf?doc_id=NDc4OTI))= <accessed November 22, 2022>)

The 2020 report to the Synod from the trustee, St Andrew's House Corporation (ABN 48086646351), provided a similar statement to that noted above in relation to financial reporting by Category 1 BRCs. That is, while financial statements are prepared, audited, and provided to a denominational authority, they are not provided to the ACNC, as the following extract from the report shows,

*“SAHT (ABN 81 498 954 541) is registered as a large charity with the Australian Charities and Not-for-profits Commission (ACNC). The Annual Information Statement for 2020 will be completed and lodged with the ACNC before the due date of 30 June 2021. SAHT is a Basic Religious Charity under the ACNC Act which means it is exempt from the financial reporting requirements under the ACNC Act.” (emphasis added)*

#### **Category 4: Providers of Non-Financial Support.**

Two examples of the financial reporting requirements contained in the Governing Documents of BRCs classified as *Category 4: Providers of Non-Financial Services* are: (1) Sydney Diocesan Services (ABN: 69266342710) and (2) Uca - Greenhills Camp & Conference Centre (ABN: 73812431514).

1: Sydney Diocesan Services (ABN: 69266342710). The governance document lodged in respect of Sydney Diocesan Services, titled, *Sydney Diocesan Services Ordinance 2017* has the following financial reporting requirements:

*22. Records, Auditor and Reports*

*Part 6 – General*

- (1) SDS is to comply with all applicable ordinances and policies of the Synod (as amended from time to time) including the Accounts, Audits and Annual Reports Ordinance 1995.*
- (2) SDS must identify in its records all church trust property held by it (or by a custodian on behalf of SDS).*
- (3) SDS must maintain records of applicable eligibility criteria for board membership and conflicts of interest disclosed by members of SDS.*

Under the *Accounts, Audits and Annual Reports Ordinance 1995*, Sydney Diocesan Services is deemed to be a Category 3 organisation, and is thus required to comply with the following requirements.

*9. (2) Each Category 2 and Category 3 Organisation must as soon as possible after the end of a Financial Year prepare financial statements for the Organisation for the Financial Year in accordance with the Accounting Standards and present such statements to the auditor.*

**Note:** *Under the Accounting Standards, each Category 2 or Category 3 must determine whether it is a reporting entity required to produce general purpose financial reports (GPFR), or a non-reporting entity that can produce special purpose financial reports (SPFR). Generally the existence of users who are dependent on GPFR for making and evaluating resource allocation decisions will mean the organisation is a reporting entity. In certain circumstances it may be appropriate for a reporting entity preparing GPFR to apply the reduced disclosure requirement version of the Accounting Standards. A non-reporting entity can prepare SPFR which only comply with certain selected Accounting Standards.*

#### *10. Auditor's Report*

- (1) Subject to subclause (2), the auditor must undertake an Audit and report to the members of the Organisation on the financial statements referred to in clause 9(2) giving an opinion on
  - (a) whether the documents are properly drawn up so as to give a true and fair view of the affairs of the Organisation;*
  - (b) whether the accounting records and registers have been kept in accordance with this ordinance; and*
  - (c) if the auditor is not satisfied, the reasons for not being satisfied.**

#### *11. Reporting Liquidity Problems*

*Each Organisation must notify the Secretary of the Standing Committee immediately when circumstances arise that may affect the ability of the Organisation to pay its debts as and when they fall due.*

*12. . . . .*

#### *13. Financial Report – Category 3 Organisations*

*Within 3 months after the end of a Financial Year, and within 3 months after the end of a Half Year, each Category 3 Organisation must submit to the Standing Committee a report containing internal management financial information produced for the Organisation which includes –*

- (a) a statement of income and expenditure, showing actual and budget year-to-date, together with a brief explanation of any significant variances between actual and budget; and*
- (b) a balance sheet showing current and end of last financial year balances, and, if produced, a comparison to budget; and*
- (c) if produced, cash flow statements and key performance ratios; and*
- (d) a statement confirming compliance with the key borrowing covenants in relation to any borrowings of the Organisation.*

#### *14. Annual Reports to Synod – Lodgement, Format and Content*

*Within 6 months after the end of a Financial Year, each Organisation must submit to the Standing Committee for tabling at the next ordinary session of the Synod a report on that Financial Year signed by 2 duly authorised members of the Organisation which contains –*

- (a) . . . . .*
- (b) the financial statements referred to in clause 9 and, if applicable, the auditor’s report referred to in clause 10;*
- (c) a charities group status report stating –*
  - (i) the legal name and Australian Business Number for the entity comprising the Organisation and any other entity under the Organisation’s control;*
  - (ii) whether each entity referred to in (i) is registered as a charity with the Australian Charities and Not-for-profits Commission; and*
  - (iii) whether an annual information statement and, if applicable, an annual financial report and auditor’s or reviewer’s report for the Financial Year which comply with the requirements of the Australian Charities and Not-for-profits Commission Act*

*2012 have been given to the Australian Charities and Not-for-profits Commission for each entity referred to in (i);*

*Note: The term “control” in paragraph (c)(i) is to be understood by reference to the Accounting Standards.*

*(d) information, as appropriate, along the following lines –*

*(i) Access – the postal and email address and telephone number of the principal office of the Organisation;*

*(ii) Members – the names of the members, the method and term of appointment of those members, their attendance at meetings, and the names of any significant committees;*

*(iii) Charter – a statement of the purposes/objectives for which the Organisation was established, stating its ordinance or other constituting documents and the sections of the church or the community served;*

*(iv) Activities – a narrative summary of the major activities for the Financial Year and the range of services provided and a statement explaining how those activities achieved the objectives/purposes for which the Organisation was established; and*

*(v) Financial Results – a short summary of the results for the Financial Year comparing actual results to the budget, and the budget for the current Financial Year, with an explanation of any significant variances;*

*(e) if the report is being submitted for tabling at the first ordinary session of a Synod, a statement which –*

*(i) assesses the extent to which the Organisation’s governance arrangements conform with the standards and guidelines in the Governance Policy for Diocesan Organisations passed by the Synod on 20 October 2014 as amended from time to time, and*

*(ii) explains any areas of non-conformity,*

*(f) if the constituting ordinance of the Organisation requires its members to sign a statement acknowledging their duties and responsibilities, the terms and form of this statement is to be included.*

The financial reports of Sydney Diocesan Services are available on its website. The Basis of Preparation Section of the 2020 Financial Report provides an example of the accountability matters that are considered by this BRC. It reads,

*In the opinion of the members of Sydney Diocesan Services (as appointed by the Standing Committee) ("SOS"), SOS is not a reporting entity because there are no users dependent on a general purpose financial report. These are special purpose financial statements that have been prepared for the purpose of complying with the Sydney Diocesan Services Ordinance 2017, and the Accounts, Audits and Annual Statements Ordinance 1995 requirements to prepare and distribute financial statements to the members of the Standing Committee of the Synod of the Anglican Church Diocese of Sydney and to the members of Sydney Diocesan Services (as appointed by the Standing Committee) and must not be used for any other purpose.*

*The financial statements have been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.*

*The members of Sydney Diocesan Services (as appointed by the Standing Committee) have determined that the accounting policies adopted are appropriate to meet the needs of the members of the Standing Committee of the Synod of the Anglican Church Diocese of Sydney and the members of Sydney Diocesan Services (as appointed by the Standing Committee). The financial statements contain only those disclosures considered necessary by the members of Sydney Diocesan Services (as appointed by the Standing Committee) to meet the needs of the above-named specified users. SOS is a not-for-profit entity for the purpose of preparing financial statements.*

Sydney Diocesan Services also (at p.24 of its 2020 Annual Report) acknowledges that it is registered with the ACNC as BRC and is thus exempt from the financial reporting requirements of the ACNC Act.

[https://www.sds.asn.au/sites/default/files/SDS%20Annual%20Financial%20Statement%202020.pdf?doc\\_id=N Dc5Mjg](https://www.sds.asn.au/sites/default/files/SDS%20Annual%20Financial%20Statement%202020.pdf?doc_id=N Dc5Mjg) <accessed November 22, 2022>

2: Uca - Greenhills Camp & Conference Centre (ABN: 73812431514). The Governing

Document for Uca - Greenhills Camp & Conference Centre required the following:

- (a) *Proper books of account must be kept and audited annually (or more frequently if the Presbytery\* or the Synod\*\* so requires).*
- (b) *An audited statement of accounts must be presented to the annual general meeting, and a copy given to Presbytery and the Synod.*

**Notes:**

\* Presbytery means the Canberra Regional Presbytery

\*\*Synod means Uniting Church Synod of NSW and ACT

### **Category 5: Trading Enterprises**

Three examples of financial reporting requirements contained in Governing Documents of BRCs classified as *Category 5: Trading Enterprises* are: (1) The Corporation of the Roman Catholic Archdiocese of Brisbane - Holy Cross Funerals (ABN: 97591742721); (2) Riza Orthodox Vestments (ABN: 82507305472); and (3) Presbyterian Book Ministries (ABN 98136325646).

#### 1: The Corporation of the Roman Catholic Archdiocese of Brisbane - Holy Cross Funerals (ABN: 97591742721)

The Governing Documents of The Corporation of the Roman Catholic Archdiocese of Brisbane - Holy Cross Funerals included the following:

- 11.1 The Financial Year for HCF closes 31 December in each year.*
- 11.2 The Committee may adopt internal management policy and procedures that are consistent with Archdiocesan policies, guideline and decrees.*
- 11.3 All banking for HCF will be with the Archdiocese Development Fund (ADF).*
- 11.4 All ADF accounts will require two signatories.*
- 11.5 Annual financial statements will be prepared for HCF.*
- 11.6 The annual financial statements will be audited by an external qualified auditor appointed by the Parish Priest.*

This BRC was one of the few that voluntarily lodged its financial statements with the ACNC and included financial information in its AIS. The consideration given to accountability is indicated in the Basis of Preparation paragraph in its 2020 financial report, which reads,



*“In the opinion of the Responsible Persons the Entity is not a reporting entity since there are unlikely to exist users of the financial statements who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These special purpose financial statements have been prepared to meet the reporting requirements of the Australian Charities and Not-for-profits Commission Act 2012.”*

2: Riza Orthodox Vestments (ABN: 82507305472). The Governing Document of Riza Orthodox Vestments included the following

*27. The Treasurer keeps a record of all the income and expenditures of Riza throughout the entire year; receives monies and deposits them in the bank, pays the remuneration and salaries of any personnel, and pays all bills. The Treasurer submits his/her financial report to the Board and to the Annual Assembly\*. The Board may appoint a bookkeeper to assist the Treasurer. The Assembly may engage a Certified Public Accountant firm with the experience and necessary accreditation to perform an audit of the financial records of Riza.*

**Note:** \*Annual Assembly means the is the supreme legislative body of the Serbian Orthodox Church of Australia and New Zealand

3: Presbyterian Book Ministries (ABN 98136325646). The Governing Document of Presbyterian Book Ministries includes the following financial reporting requirements:

- 19. Auditor: the annual accounts will be independently audited. For the purpose of this clause, any auditors must satisfy the qualifications listed under the Code of the Presbyterian Church of Australia in the State of New South Wales with regard to congregational auditors.*
- 20. Reporting: the reporting year shall be the calendar year. An annual report (including the audited accounts) regarding the Association’s activities signed by the Chairman shall be presented to the Association each year at its annual general meeting.*

### **Category 6: Welfare Service Providers.**

Three examples of financial reporting requirements contained in the Governing Documents for BRCs classified as *Category 6: Welfare Service Providers* are: (1) Kilimionok Ministries

International (ABN: 12089613748), a small BRC; (2) Petersham Baptist Church - Flo Harris Lodge (ABN: 28834397879), a medium BRC that operates within an independent church (which is a separate BRC); and (3) UCA - Wesley Parish Mission (ABN 20130052672), a large BRC.

1: Kilimionok Ministries International (ABN: 12089613748)

The Governing Document for Kilimionok Ministries International is titled, '*Constitution of Kilimionok Ministries International*', It contained the following financial reporting requirements:

- 20. *Proper books of account shall be kept and subject to an audit annually provided that more frequent audit shall be made if so required by the Senior Minister ...[and]*
- 21.4 *A statement of account shall be presented to the Annual Business Meeting of the Ministry Team.*

2: Petersham Baptist Church - Flo Harris Lodge (ABN: 28834397879)

The Governing Document for Petersham Baptist Church - Flo Harris Lodge is titled, '*Petersham Baptist Church Constitution*'. it contained the following financial reporting requirements:

- 14. *Finance*
  - a)...
  - b) *Suitably qualified auditors shall be appointed at a Church Business Meeting to audit the books of the Church and its auxiliaries (including the Hostels) and to report to the Church within three months at the end of the financial year.*

3: UCA - Wesley Parish Mission (ABN 20130052672)

The Governing Document for UCA - Wesley Parish Mission is the Uniting Church Constitution. That document did not include any specific financial reporting requirements. However, it acknowledges the authority of UCA Synods to make rules. UCA - Wesley Parish Mission is Parish Mission of the Uniting Church Synod NSW and ACT (the Synod). The Synod publishes extensive financial reporting requirements for entities within its domain at

<https://nswact.uca.org.au/shared-resources/finance/annual-financial-returns-afrr/> ,accessed

December 20 2022>. (Please see examples from Category 9 BRCs below for a discussion of these requirements and the financial reporting template for these requirements in Appendix 6).

UCA - Wesley Parish Mission voluntarily lodges its financial statements and includes financial information in its AIS. It reported the following accounting policy, in the 2020 Notes to the Accounts,

*Statement of compliance*

*This 'special purpose financial report' has been prepared to satisfy the officers of the entity's reporting requirements under the Australian Charities and Not-for profits Commission Act 2012, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations applicable for not-for-profit entities, and the disclosure requirements of Accounting Standards AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors' and AASB 1054 'Australian Additional Disclosures'.*

**Category 7: Governing, Administering and/ or Representing Religious Charities.**

Four examples of financial reporting requirements contained in the Governing Documents for BRCs classified as *Category 7: Governance, Administration and/ or Coordination* are those for: (1) Lutheran Church of Australia NSW District (ABN 55137191133); (2) Uca - Illawarra Presbytery (ABN:74041246188); (3) Australian Christian Churches (ABN 58123514361); and (4) Australian Catholic Bishops Conference (ABN: 60597896756).

1: Lutheran Church of Australia NSW District (ABN 55137191133) is a medium BRC. Its Governing Document which is titled, *LCA NSW District Constitution and By-Laws September 2017*, contains financial reporting requirements by way of stating the duties of the Treasurer. It states,

*2.3.2 In addition to the rights and duties specified in By-laws, Part A, the rights and duties of the Treasurer include to: -*

2.3.2 (e) prepare a balance sheet, a statement of income and expenditure and such other financial statements as are required for publication or submission to regular conventions of the District;

2.3.2 (f) report the state of the finances to the Bishop and the Church Council as required;

2.3.2 (g) ensure the books and accounts are submitted to the Auditor for examination whenever required or when so directed by the Church Council.

In 2021, Lutheran Church of Australia NSW District voluntarily lodged its financial statements with the ACNC and included financial information in its 2021 AIS. The comparative figures in the 2021 financial statements show that this BRC had Total Income of just over \$.5m, and Net Assets of \$28m in 2020. It reported the following accounting policy in the 2021 Notes to the Accounts,

*Basis of preparation*

*The entity is non-reporting since there are unlikely to be any users who would rely on the general-purpose financial statements. The special purpose financial statements have been prepared in accordance with the significant accounting policies described below and do not comply with any Australian Accounting Standards unless otherwise stated.*

2: Uca - Illawarra Presbytery (ABN:74041246188). The Governing Document lodged by Uca - Illawarra Presbytery is titled *Uniting Church Constitution*. While that document does not contain specific financial reporting requirements, those contained in the document titled, *Basis of Union Constitution and Regulations 2018*, do apply and include the following:

*RESPONSIBILITIES OF THE PRESBYTERY*

*Regulations;*

*(ii) submitting Presbytery reports and records annually to the Synod;*

*(iii) appointing a qualified auditor who shall audit the books of account and report to the Presbytery at least annually. (See Reg. 3.8.7)*

*ACCOUNTING AND AUDIT*

*3.8.7 Books of Account*

*(a) All funds of the Church shall be accounted for using proper, approved methods of accounting.*

*The body responsible for funds shall keep proper books of account. The books of account shall include all receipts and disbursements received or made, all credits and debts owing or due and all other relevant matters necessary including a full explanation of the accounts.*

*The body responsible shall, upon the request of the chairperson of the Church Council or other appointing body or the Synod Property Officer or any person authorised by anyone of them, produce the books of account together with all supporting or relevant accounts, receipts, and documents for inspection, and shall permit extracts to be taken and copies to be made by any such authorised officer.*

#### Audit

*(c) The books of account shall be audited and certified by the auditors at least once in every year and at such other times as may be required by the Chairperson of the Church Council or other body responsible as the case may require.*

#### Presentation of Accounts

*(g) Audited financial statements bearing an auditor independent reviewer's report in such form as the Synod may prescribe shall be submitted to the Church Council or other appointing body or the body responsible for their administration and control, as may be appropriate, at least once in every year, and to the Synod and the Presbytery Property Committee (in respect of Congregations and their organisations) whenever required.*

3: Australian Christian Churches (ABN 58123514361). The Governing Document of Australian Christian Churches contains the following requirement with respect to financial reporting:

*ARTICLE 8 AUDIT. The National Executive shall ensure that a proper audit of all books and accounts administered by the National Secretary/Treasurer or National Treasurer is carried out, for presentation to the membership of the appropriate corporate entities. It shall also ensure that a summary report be prepared, together with covering letter from the Auditor, for presentation to the National Conference.*

4: Australian Catholic Bishops Conference (ABN: 60597896756). The Governing Document of the Australian Catholic Bishops Conference, as it is for many BRCs of the Catholic Church, is

the Code of Canon Law. The Code of Cannon Law is a comprehensive body of laws and regulations (canons) under which the Catholic Church operates. It covers every aspect of church life from the conduct for church services to governance and administration of the Catholic Church, and includes specific rules concerning the roles of bishops and financial management and accountability. Laws and rules are arranged in five “Books”, with those pertaining to financial accountability listed mainly in *Book V Temporal Goods of the Church*.

The authority of the ACBC arises under Canon 447, which provides for the establishment of Conferences of Bishops, and Canon 451, which requires each Conference to prepare its own statutes. Accordingly, the ACBC has in its statutes, Article 45 #2, which states that, “[t]he temporal goods of the Conference shall be administered in accordance with the provisions of Book V of the Code of Canon Law.” Book V requires the following:

Canon 1284

§1. *All administrators are bound to fulfil their function with the diligence of a good householder.*

§2. *Consequently they must:...*

*7/ keep well organized books of receipts and expenditures;*

*8/ draw up a report of the administration at the end of each year;*

*9/ organize correctly and protect in a suitable and proper archive the documents and records on which the property rights of the Church or the institute are based, and deposit authentic copies of them in the archive of the curia\* when it can be done conveniently.*

§3. *It is strongly recommended that administrators prepare budgets of incomes and expenditures each year; it is left to particular law, however, to require them and to determine more precisely the ways in which they are to be presented.*

Canon 1287

§1. *Both clerical and lay administrators of any ecclesiastical goods\*\* whatever which have not been legitimately exempted from the power of governance of the diocesan bishop are bound by their office to present an annual report to the local ordinary\*\*\* who is to present it for examination by the finance council\*\*\*\*; any contrary custom is reprobated.*

§2. According to norms to be determined by particular law, administrators are to render an account to the faithful concerning the goods covered by the faithful to the Church.

**Notes:**

- \* curia means an administrative institution of the Catholic Church.
- \*\* ecclesiastical goods mean property that belongs to the Catholic Church and is used to pursue the mission of the Church.
- \*\*\* local ordinary means the church officer with authority in a particular context, e.g. the Bishop or Archbishop of a diocese.
- \*\*\*\* finance council means an expert body from which a bishop must take advice on matters of financial management

### **Category 8 Religious Orders and Faith Based Movements**

Two examples of financial reporting requirements contained in the Governing Documents for BRCs classified as *Category 8: Religious Orders and Faith Based Movements* are: (1) Maronite Order of the Blessed Virgin Mary (ABN 48170166309); and (2) Anglican Cursillo Movement Diocese of Bathurst (ABN 44940550876)

1: Maronite Order of the Blessed Virgin Mary (ABN 48170166309). The Governing Document of this BRC is titled, *Constitution the Maronite Order of the Blessed Virgin Mary Monks order of the Maronite Rite of the Roman Catholic Church*. It contains the following requirements:

*20.1 The Order must cause proper accounting and other records to be kept in accordance with the Law.*

*20.2 The Order must distribute copies of every profit and loss account, balance sheet and statement of cash flows as required by law.*

*21.1 A registered Corporation auditor must be appointed to conduct an audit annually and the report of the auditor shall be lodged with all appropriate government authorities in Australia.*

2: Anglican Cursillo Movement Diocese of Bathurst (ABN 44940550876). The Governing Document of this BRC is titled, *Diocese of Bathurst Anglican Cursillo Movement Guidelines*. It contains the following with respect to financial reporting,

*Duties of the Treasurer are:...*

- *Prepare Cash Book in either electronic form or manually to years end in preparation for auditing and do regular back-ups.*
- *Arrange for audit of annual financial statements.*
- *Submit financial statements to Secretariat in a timely manner and then to the Diocese - at least two per year required at six-monthly intervals.*
- *Prepare Income and Expenditure report and statement of all account balances for each meeting of Secretariat. Income and Expenditure report to be us up to date as possible, preferably up to the date of the meeting.*

### **Category 9 Parishes and Churches:**

Financial reporting requirements for parishes and churches contained in their Governing Documents showed considerable variation. Those operating within a denominational framework (which most parishes and churches in the population of BRCs do) were accountable upward to a denominational authority (for example a Synod in respect of churches of the Uniting Church in Australia) as well as outward to members of their congregations; while independent churches were accountable only to their congregations. Such upward accountability of parishes and churches that operate within a denominational framework was found to arise not only in financial reporting requirements contained in their Governing Documents, but also in ordinances, by-laws and rules of the denomination (examples of which are provided below in Appendices 3,4,5 and 6) with which they must comply.

The following discussion considers the financial reporting requirements for nine parishes and churches, three of which are denominationally situated, and six of which are independent\*. Those that are denominationally situated are: (1) Maronite Catholic Parish of Our Lady of Lebanon Harris Park (ABN 92475205390); (2) Anglican Church of Australia Quakers Hill (ABN 48296443042); and (3) Uca - Townsville Central Uniting Church (ABN 40815672700). The independent churches are: (4) Whyalla Church of Christ (ABN 53183094434); (5) Plumpton Community Church (ABN 70128185852); (6) Nexus Church (ABN5 3925582781); (7) Red Church (ABN 48158789157); (8) Glad Tidings City Church (ABN



97272128465); and (9) Bethel Independent Presbyterian Church Incorporated (ABN 86727247193).

**Note\*** That there are so many more examples of independent churches is because, in exploring financial requirements for parishes and churches it was something of a surprise to see such a difference between the requirements for parishes churches that are denominationally situated and those that are independent. This matter is discussed further below in Part 8: Discussion of Findings

1: Maronite Catholic Parish of Our Lady of Lebanon Harris Park (ABN 92475205390)

The Governing Document of Maronite Catholic Parish of Our Lady of Lebanon Harris Park, a large BRC, is titled, *Maronite Eparchy of Australia Parish Governance*. It was particularly useful for the purposes of the present study because, while its form is like that of secular constitution, it is explicitly based on Canon Law and provides an explanation of how the stewardship and accountability requirements of Canon Law apply in a contemporary context. The financial reporting requirements of this document include not only rules, but the application of principles, as the following shows.

*5. PROBITY*

*5.1. Ecclesiastical goods acquired by public juridic persons are held in trust for the mission of the Church. In canonical tradition a principal criterion in the administration of temporal goods is that of the “good householder”, referring to the conscientious and responsible manner in which administrators are to fulfil their duties.*

*The Directory for the Pastoral Ministry of Bishops states that “the financial administration of the eparchy” should “become an example of transparency to other similar church institutions”. [AS 189 a)]*

*5.2. The administration of temporal goods must be in accordance with the standards established in canon law and the civil law, so as to ensure the Church is not tarnished by scandal or perceptions of impropriety or mismanagement.*

## ASSETS REGISTER

6.4. *The Parish is to maintain an assets register. This record will be a register of all assets owned by the parish, including land and buildings. When items of furniture and equipment are purchased valued at over \$1,000.00, they are to be entered onto the assets register.*

## REPORTING COLLECTIONS TO THE COMMUNITY

9.6. *Reporting collections to the community is very important. It is a fundamental part of the financial disclosure process, and it also serves to remind parishioners of their financial obligations to the parish.*

9.7. *The parish priest is to provide annually a summary of the parish's financial position to the parishioners after it has been approved by the Parish Finance Council.*

9.8. *Collections can be reported on a weekly basis in the parish bulletin, or on the notice board. However, the parish needs to be mindful of the very real security risks associated with disclosure of the weekly collection amounts and should adopt a prudent method according to the perceived local risk.*

## 10. ACCOUNTING

10.1. *The financial and administrative records of the parish are to be kept appropriately secure within the parish office. Parish financial records (including journals, ledgers, financial statements, cheque books, etc) or administrative documentation are not to be taken from the parish office, except with the permission of the parish priest.*

10.2. *Accounting for the Parish Church Account is to be prepared in accordance with the standard diocesan Chart-of-Accounts and submitted to the Diocesan Business Office in an electronic format for the period to the end of each quarter.*

## PARISH OPERATING ACCOUNT (CHURCH ACCOUNT)

10.9. *The Parish Stewardship Committee is to have full access to the transactions associated with this account. The Parish Priest is able to allocate funds for pious or pastoral purposes of a confidential nature; however the quantum needs to be included in the budget and financial reports of the parish.*

#### *PRESBYTERY ACCOUNT (OR CLERGY FUND ACCOUNT)*

*10.10. In accordance with the norms of law, the funds held in the Presbytery Account constitute funds of the Diocesan Clergy Fund and hence belong to the Eparchy as a public juridic person. The Presbytery Account must be maintained independently from the accounts of the parish.*

*10.11. The Presbytery Account is used to receive all income and disburse the expenditure related to the support of clergy appointed to the parish, in accordance with the Constitution of the Clergy Fund. A full report of this account is to be provided to the Clergy Fund Board on, at least, an annual basis.*

#### *OTHER SPECIAL PURPOSE ACCOUNTS*

*10.12. If a parish has established a ministry (such as aged care or education) or carries on an enterprise of some sort it may be desirable, or even necessary, to have a separate account for this purpose. These accounts form part of the parish's temporal goods and are to be included in the financial reports to the Parish Finance Council.*

#### *12. APOSTOLIC WORKS OF THE PARISH*

*12.1. In the carrying on of the Church's mission, the parish may conduct apostolic works, for example in education and community and aged care.*

*12.2. The apostolic works of the parish are the responsibility of the parish priest and as such are accountable to the parish priest. The parish priest is supported in his administration by the Parish Pastoral Council and Parish Stewardship Committee, and by Diocesan structures, such as the Bishop's Office.*

*12.3. The Parish Stewardship Committee approves and reviews the budget for the parish, aged care, community and welfare services, and advises the parish priest on the management of parish assets and infrastructure used for these purposes, who in turn report them to the Bishop's Office.*

*12.4. Diocesan agencies are to submit an annual budget, including proposed fees, capital charges and other levies, for approval to the relevant Council.*

### 13. AUDIT AND ANNUAL FINANCIAL REPORTS

#### AUDIT

13.1. *The financial year for the parish is the twelve months ending on 30 June each year.*

13.2. *The parish accounts are to reviewed and verified as to their accuracy by an external and independent auditor, as appropriate, prior to forwarding to the Diocesan Business Office by 31st August in the following financial year.*

#### ANNUAL REPORT TO THE PAROCHIAL COMMUNITY

13.3. *The parish priest is to ensure that each year an annual report of the parish finances is prepared, and approved by the Parish Stewardship Committee, and presented to the parochial community.*

#### ANNUAL REPORT TO THE BISHOP

13.4. *The parish priest is to ensure that each year an annual financial report is prepared, and approved by the Parish Stewardship Committee, and sent to the Diocesan Financial Administrator.*

2: Anglican Church of Australia Quakers Hill (ABN 48296443042) The Governing Document for Parish of Moss Vale, a medium BRC, is an Ordinance of the Anglican Diocese of Sydney (the Diocese) that applies to all parishes within the Diocese. It is titled *Parish Administration Ordinance 2008*. As such it is a binding order on the Anglican Church of Australia Parish of Moss Vale. The financial reporting requirements contained in the governance document are as follows.

#### Chapter 2 Part 4 Auditor

##### *2.15 Auditor of the financial statements and records of the wardens*

*(1) There is to be an auditor for the parish elected under rule 3.1(k) to audit the financial statements and accounts of the wardens of the parish.*

*(2) Subject to sub-rule (3), a person is qualified to be elected or appointed to audit the financial statements and accounts of the wardens if that person is not less than 21 years of age.*

*(3) A person is not qualified to be elected or appointed as an auditor if –*

*(a) the person is a warden of that parish, or*

- (b) the person was a warden of that parish at any time during the financial year or other period to which those financial statements and accounts relate.*
- (4) A person who has been elected or appointed as an auditor ceases to hold that office upon that person being elected or appointed as a warden of that parish*

### Chapter 3 Part 1

#### *3.1 Business of the annual general meeting of parishioners*

*The business of the annual general meeting of parishioners of a parish is –*

- (g) to receive and pass or otherwise determine on the financial statements of the wardens (rule 3.8(4)) and to receive any report from the wardens about the exercise of their other functions, and*
- (h) to receive and pass or otherwise determine on any separate financial statements of any organisation of the parish (rule 3.9(3)), and*
- (j) to elect 2 qualified persons to be wardens, and*
- (k) to elect a qualified person or persons to the office of auditor of the financial statements and accounts of the wardens...*

...

#### *3.8 Provision of financial documentation to the annual general meeting of parishioners*

*(1) The wardens are to provide the following to the annual general meeting of parishioners in the form last prescribed by the Standing Committee by resolution –*

- (a) a statement of the comprehensive income of the church during the previous financial year, and*
- (b) a statement of the financial position of the church at the close of the financial year, and*
- (c) a warden's and treasurer's report to the parishioners, and*
- (d) a statement setting out full particulars of all current insurances effected by them as required by rule 3.6(1)(e), and*
- (e) a budget for the then current financial year, and*
- (f) any other statement or document for the financial year prescribed by the Standing Committee by resolution.*

*(2) Before the annual general meeting of parishioners, the wardens are to call on the auditor or auditors duly appointed under these rules to report on the financial statements prepared*

*pursuant to paragraphs (a) to (c) of sub-rule (1) and on the accounting records kept by them and to state, in that report –*

*(a) whether anything has come to the auditor's attention that causes the auditor to believe that the financial statements do not give a fair view of the revenue and expenses, assets and liabilities of the church or parish, in accordance with the Parish Administration Ordinance 2008, and*

*(b) where not so satisfied, the reasons for not being so satisfied.*

*(3) At least 7 days before the annual general meeting of parishioners, the wardens are to make copies of the documents listed in sub-rule (1) and the auditor's report (if available) available for inspection or distribution (or both) at or near each main entrance to the place where each congregation of the parish meets, in such quantities and manner as the minister and wardens may reasonably determine, and to cause an announcement to be made at each service to the effect that they are so available.*

*(4) The wardens are to produce the documents listed in sub-rule (1) and the auditor's report at the annual general meeting of parishioners.*

*(5) At or within 7 days after the annual general meeting of parishioners, the wardens are to forward copies of the documents listed in sub-rule (1) and the auditor's report to the Diocesan Secretary, and are to comply with rule 2.14 concerning the delivery of keys, documents and funds etc.*

### 3.9 Financial affairs of parish organisations

*(1) The wardens are responsible for keeping proper financial records of any organisation of the parish established under rule 3.17 and for those purposes –*

*(a) may keep separate financial records for the organisation or may incorporate the financial records of the organisation as part of the financial statements of the parish under rule 3.8, and*

*(b) may appoint and remove a person to act as treasurer of the organisation.*

*(2) If the financial statements of the organisation are not incorporated as part of the financial statements of the parish, before the annual general meeting of parishioners the wardens are –*

*(a) to prepare financial statements comprising –*

*(i) a statement of the receipts and payments of the organisation during the*

*previous financial year, and*  
*(ii) a statement of the assets and liabilities of the organisation at the close of the financial year, and in the form last prescribed by the Standing Committee, and*  
*(b) to present the financial statements for audit to the auditor appointed by the annual general meeting of parishioners.*

*(3) The wardens are to produce the duly audited financial statements prepared under sub-rule (2) to the annual general meeting of parishioners and, at or within 7 days after the annual general meeting of parishioners, are to forward copies of these financial statements to the Diocesan Secretary.*

*(4) If any such organisation ceases to exist for any reason, its remaining funds and property (not being the subject of any trust) become the property of the parish, and its books and records (other than any financial records which must be given to the wardens) must be given to and remain in the custody of the minister.*

## Chapter 9

### *9.11 Wardens accountable to Synod*

*(1) The Synod may call on any wardens to produce a financial statement of their dealings with any church or parish trust property together with all financial records in support of the statement and may submit the statement and records to auditors appointed by the Synod.*

*(1) If the financial statement and supporting records are not produced within a reasonable time in accordance with sub-rule (1), the Synod may appoint auditors to produce such a statement. For this purpose, the auditors are entitled to have access to all relevant financial records of the church or parish.*

*(2) The auditor's fees in relation to any work undertaken pursuant to sub-rule (1) or (2) must be paid by the wardens out of church or parish trust property managed by the wardens.*

*(2) If the Synod is not in session, its functions under this rule will be exercised by the Standing Committee.*

Financial reporting requirements for all parishes within the Diocese are further specified by the Standing Committee of the Synod. For the year 2020, the specific reporting requirements prescribed by the Standing Committee of the Synod for parishes was set out in circular from

titled, *Prescribed Financial Statements for 2020* (which is included in this paper as Appendix 3). The requirements were:

- a) Financial Statements (including prior year comparatives and budget for the following year) comprising:
  - i. Statement of Comprehensive Income,
  - ii. Statement of Financial Position
  - iii. Statement of Changes in Funds (where applicable), and
  - iv. Notes to the Financial Statements
- b) Financial Reports package comprising:
  - i. Wardens' and Treasurer's Report,
  - ii. Wardens' Declaration in relation to the Australian Charities and Not-for-profits Commission (ACNC),
  - iii. Independent Assurance Practitioner's Review Report (Auditor's Report),
- c) Property Income Worksheet (audited) and
- d) Statement of Insurance Policies

According to this circular, parishes can present the required financial information in either the format prescribed by the Finance Committee of the Diocese (Prescribed Financial Statements); or, in a format of their own choosing that better suits local and/ or historical circumstances, on the proviso that it provides the same level of information as the Prescribed Financial Statements. The template for the Prescribed Financial Statements is shown here in Appendix 4; (the Property Income Worksheet and the Statement of Insurance Policies are not shown here, but can be accessed through the URL provided in Appendix 3).

In summary, it can be said that financial reporting requirements for parishes and churches within the Anglican Diocese of Sydney are comprehensive and detailed. The basic accountability relationships and responsibilities are outlined in *Parish Administration Ordinance 2008*; while the specific information that is to be reported is outlined in directives from the Synod.



### 3: UCA - St Arnaud (ABN 62992953292).

The Governing Document lodged with the ACNC by Uca – St Arnaud, a small BRC, is titled, *The Uniting Church in Australia Constitution*. The financial reporting requirements are listed in the part titled, *Uniting Church in Australia Regulations*. They are:

#### *FUNDS OF CONGREGATIONS, COUNCILS OR OTHER BODIES*

*3.8.6 Congregations, Church Councils, Presbyteries, Synods, the Assembly or other bodies may establish funds to provide for the proper discharge of their purposes, responsibilities and objects, and they shall respectively be managed and administered by such persons or bodies and in such manner as the Church Council (or Church Councils working collaboratively), Presbytery, Synod or Assembly may determine.*

#### *ACCOUNTING AND AUDIT*

##### *3.8.7 Books of Account*

*(a) All funds of the Church shall be accounted for using proper, approved methods of accounting. The body responsible for funds shall keep proper books of account. The books of account shall include all receipts and disbursements received or made, all credits and debts owing or due and all other relevant matters necessary including a full explanation of the accounts. The body responsible shall, upon the request of the chairperson of the Church Council or other appointing body or the Synod Property Officer or any person authorized by any one of them, produce the books of account together with all supporting or relevant accounts, receipts, and documents for inspection, and shall permit extracts to be taken and copies to be made by any such authorised officer.*

##### *Monies to be banked*

*(b) All monies received from time to time shall be placed to the credit of an account in the name of the body responsible in any one or more of the financial institutions approved by the Synod. The body responsible shall appoint two or more persons to operate on such account*

##### *Audit*

*(c) The books of account shall be audited and certified by the auditors at least once in every year and at such other times as may be required by the chairperson of the Church Council or other body responsible as the case may require.*

### Appointment of Auditors

*(d) The auditor or auditors shall be appointed annually. Subject to the variation in (e) below, the auditor(s) shall be a qualified accountant or, if more than one, shall include at least one qualified accountant. For the purpose of this Regulation a qualified accountant means:*

- (i) a person who is a member of the Institute of Chartered Accountants in Australia or the Australian Society of Certified Practising Accountants, or*
- (ii) any other person who has qualifications and experience requisite for registration as a company auditor under the Corporations Act 2000 as amended or replaced from time to time and who in the opinion of the appointing body is a fit and proper person to undertake the responsibility.*

To comply with the above noted regulations on financial reporting, Uca-St Arnaud is required by the Synod under whose authority it operates, the Uniting Church Synod NSW and ACT, to provide specific financial information in a format provided by the Synod. The template for this report is titled, *Annual Financial Return*. It is provided in this paper as Appendix 5. The introduction to the template reads,

*According to the Uniting Church in Australia Constitution and Regulations regarding the Presentation of Accounts, "at least once in every year Audited Financial Statements ... shall be submitted to the Church Council or other appointing body of the body responsible for their administrative and control." (Section 3.8.7).*

While the *Annual Financial Return* is a highly prescriptive and detailed financial report, churches are permitted to choose to report on either a calendar year or financial year basis, and, it appears, to report on either a cash or an accrual basis.

4: Whyalla Church of Christ (ABN 53183094434). The Governing Document for this small independent BRC is titled, *Whyalla Church of Christ Constitution*. The financial reporting requirements contained in that document state,

#### *5. The Church - Its Monies*

*5.1 The control and use of monies shall be vested in the Church Treasurer who shall bank it regularly; the Treasurer shall submit an audited statement of accounts to the annual general meeting.*

5: Plumpton Community Church (ABN 70128185852) The Governing Document for this small independent BRC is titled, The Constitution of Plumpton Community Church. The financial reporting requirements contained in that document state,

*Financial matters (Matthew 6:24, Luke 6:38, Malachi 3:8-11): We need to be above board with our finances, pay our tithes and remember we are directly accountable to God for what we do with our personal finances.*

*Church finances (Luke 16:10-13): To be accountable for church funds, a system of checks is in place to keep a record of offerings and expenditures. This is to ensure that the leadership is aware of what is happening with church resources and to make the Pastor accountable to scrutiny.*

6: Red Church (ABN 48158789157) The Governing Document for this large independent BRC is titled, Red Church Constitution Nov 2019. The financial reporting requirements contained in that document state,

*10.1 Annual General Meeting*

*The Board shall convene a meeting of the Church at least once per year*

*(a) Purpose*

*The purpose of the Annual General Meeting shall be to:*

- (i) Review reports from the Senior Leadership and other sectors of Church life, including financial reports, in accordance with this constitution.*

7: Nexus Church (ABN 53925582781) The Governing Document for this large independent BRC is titled, Nexus Church Constitution. The financial reporting requirements contained in that document state,

*8 Church Meetings*

*8.2 An annual members meeting ("AGM") shall be held at a time in each year determined by the elders. Notice of such annual meeting must be given at least one week in advance in the Church Newsletter, or in Church announcements or electronic form.*

*A member may request a copy of the audited accounts of the Church for the period.*

*A financial report from the elders and a vision statement from the Senior Minister for the next year of*

...

## 9 Accounts

9.1 *The true accounts shall be kept in the manner determined by the elders of all sums of money received and expended by the Church, and of the property assets and liabilities of the Church.*

9.2 *The financial year of the Church is period beginning of the first of January each year and ending on the 31 December next following.*

9.3 *The elders shall designate signatories of all banking accounts from time to time.*

9.3.1 *No cheque should be drawn or debit of any other manner incurred on behalf of the Church, except in a manner authorized by the elders.*

9.3.2 *The elders shall appoint a person or firm as auditor from time to time to give an opinion as the correctness of the accounts and shall report thereon to the elders. A copy of the auditor's report must be available to the members within a reasonable time of the members request.*

8: Glad Tidings City Church (ABN 97272128465). The Governing Document for this large independent BRC is titled, *Glad Tidings Church Constitution*. The document contained no financial reporting requirements.

9: Bethel Independent Presbyterian Church Incorporated (ABN 86727247193). One independent medium BRC, Bethel Independent Presbyterian Church Incorporated (ABN 86727247193), despite having limited provisions regarding financial reporting in its Governing Document, provided a high quality financial report to its members in 2020 (and also voluntarily lodged its financial statements with the ACNC). The relevant extracts from the Governing Document state,

### Article 17 Finance and Audit

17.1 *The work and programme of the Church shall be supported by the freewill offerings and tithes of its Members and gifts, donations from friends and by such other income as may be derived by the Church.*

17.2 *The funds of the Church shall be used in accordance with the provisions of this Constitution.*

17.3 *The Session may appoint an auditing firm as external auditor to audit the accounts of the Church.*

17.4 *The auditors shall certify the correctness of the accounts for presentation to the Annual Congregational Meeting at the end of each financial year.*

...

Article 24 Inspection of records of Church

*A Communicant member may inspect the books, documents, records and securities of the Church within 30 days after the auditors have certified the correctness of the accounts for presentation to the Annual Congregational Meeting at the end of the financial year.*

The relevant extract from the Financial Report stated,

1) Basis of Preparation

*The Committee has determined that the Church is not a reporting entity.*

*The financial statements have been prepared on the basis that the Church is a non-reporting entity because there are no users dependent on a general purpose financial report. Therefore, the Church has prepared a special purpose financial report. The special purpose financial report has been prepared in accordance with the requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the recognition and measurement aspects of all applicable Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB"). The financial report does not include all of the disclosure requirements of AASBs except for the following minimum requirements:*

*(a) AASB 101 Presentation of Financial Statements;*

*(b) AASB 107 Statement of Cash Flows;*

*(c) AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors;*

*(d) AASB 1048 Interpretation of Standards; and*

*(e) AASB 1054 Australian Additional Disclosures.*

**Category 10: Other Ministry**

Two examples of financial reporting requirements for BRCs classified as Category 10: Ministering at Large are: (1) NET Ministries (ABN: 96274579224); and (2) Spirit Alive Australia (ABN 55548483116)

1: Spirit Alive Australia (ABN 55548483116). The Governing Document for Spirit Alive Australia included only the following in respect of financial reporting

*12. RESPONSIBILITIES OF THE EXECUTIVE TEAM:*

*12.1 The Executive Team shall be responsible and shall make provision for all matters pertaining to the management of the Ministry including but not limited to:*

*(a) compliance with the policies and directions of the National Coordinator.*

*...*

*(g) the receiving of the annual report, statement of accounts and budget as required by the National Coordinator.*

2: NET Ministries (ABN: 96274579224). The Governing Document of NET Ministries contained the following financial reporting requirements:

*10 FINANCIAL MATTERS*

*10.1 Books and Records*

*The Board of Directors of this corporation shall cause to be kept:*

- i. Records of all proceedings of the Board of Directors;*
- ii. Such other records and books of account as shall be necessary and appropriate to the conduct of the corporation business.*

*10.2 Documents Kept at Registered Office*

*The Board of Directors shall cause to be kept at the registered office of this corporation originals or copies of:*

- i. Records of all proceedings of the Board of Directors;*
- ii. All financial statements of this corporation; and*
- iii. The constitution of this corporation and all amendments and restatements thereto.*

*10.3 Accounting System and Audit*

*The Board of Directors shall cause to be established and maintained, in accordance with generally accepted accounting principles applied on a consistent basis, an appropriate accounting system for this corporation. The Board of Directors shall cause the records and books of account of this corporation to be audited, at least once in each fiscal year and at such other times as it may deem necessary or appropriate, and may retain such person or*

*firm for such purposes as it may deem appropriate.*

**Category 11: Not possible to Ascertain what the BRC Does.**

For most BRCs in this category, no governance document was lodged.

**Category 12: Charity Status was Voluntarily Revoked.**

No data is available through the ACNC portal for BRCs in this category.

**PART 7: OTHER OBSERVATIONS**

As stated above, the objective of the present study was to document what BRCs actually do, and what their financial reporting requirements are. It is an exploratory study, and is largely descriptive. As such, it yielded a number of interesting observations. While further discussion and analysis of them are beyond the scope of this paper, their mention here is warranted. They concern the following: (1) data quality; (2) incorporation; (3) having the sole purpose of ‘advancing religion’; (4) multiple BRCs having the same Responsible Persons; (5) the use of BRCs in structuring financial arrangements; (6) soliciting donations; (7) acknowledging the importance of accountability; and (8) the human resources deployed by small charities that are not BRCs.

**1: Data Quality**

A number of observations were made in relation to data quality.

1: No Governing Document was available. For example, Bendigo Diocesan Trusts Corporation (ABN 43135680779).

2: The figures reported for human resources in the AIS were not believable. Two examples are: (1) the figure reported for full-time staff positions were greater than that reported for full-time equivalent positions; and (2) the number of volunteers reported was exactly that reported for full-time equivalent positions.

3: The summary in the Profile and the description of activities in the AIS were vague, and no Governing Document was available and no Responsible Persons were identified. Hence it was not possible to ascertain what the BRC actually did.

An example is Gibson Richard Bequest (ABN 18241232739). The summary of activities and the description of the charity's activities and outcomes stated,

*Making the word of God fully known through serving the community.*

No Governing Document was lodged.

Another example is Trustee for Estate of Jeanne Olive Wilson (ABN 75710502570). Both the summary of activities in the Profile and description of activities and outcomes in the 2020 AIS stated,

*Assets left by the deceased were realised and invested. Income was granted to assist bodies promoting Christian religious purposes and which are charitable in law*

The Governing Document for this BRC is a will for which probate was granted in 2011, but the content is illegible. The Trustee, who is the sole Responsible Person, appears to be a solicitor at the law firm which provides the address for correspondence.

Seventy BRCs with the data issues noted here had the email address,

[acnc@melbourneanglican.org.au](mailto:acnc@melbourneanglican.org.au)

5: Some BRCs are incorporated under legislation that precludes them from meeting the definition of a BRC under s 205.10 of the ACNC Act. Three examples are: Antioch Missions (ABN 88294276363) which, according to its Governing Document, is a company limited by guarantee (ACN 601 689 052); (2) Catalyse Change Australasia Ltd (ABN 34622723442), which is also a company limited by guarantee (ACN 622 723 442); and (3) Blayney Association for Scripture in Schools Incorporated (ABN 21510374018), which, is an association incorporated under the Associations Incorporations Act 2009 (NSW).



Related BRCs that reported the same information for each BRC. For example, the three entities, Balwyn Wesleyan Methodist Church (ABN 70924568845); Balwyn Wesleyan Methodist Church Building Fund Account (ABN 54054342735); and Balwyn Wesleyan Methodist Church Mission Fund Account (ABN 23077082757), which have the same Responsible Persons, website and address, the same human resource cohort, and reported the same description of activities, being,

*“The provision of weekly services on Sunday and mid-week bible study groups, helped people grow in their faith. Classes for children on Sunday helped them develop their faith. Prayer meetings helped people feel supported in their Christian walk”;*

## **2: Incorporation**

One criterion for meeting the definition of a BRC given at s 205.35 of the ACNC Act is that the charity is not incorporated under the Corporations Act 2001, the Corporations (Aboriginal and Torres Strait Islander) Act 2006, the Companies Act 1985 of Norfolk Island, or any of the State and Territory Associations Incorporations Acts. However, BRCs can be incorporated, and many are, under state and territory legislation that enables religious organisations to become incorporated for the purposes of holding and dealing with property. An example is Anglican Trusts Corporation of The Diocese of Gippsland (ABN 89363058392), which is incorporated under the Anglican Trusts Corporations Act 1884 (Victoria). The following extract from that Act appears to provide the benefits that are provided by the legislation listed in s.205.10 of the ACNC Act.

### s. 4 Incorporation of trustees as body corporate

*After the registration of such resolution the Registrar-General shall notify the same in the Government Gazette, and thereupon the trustees named in such notice and their successors to be appointed as hereinafter provided shall be a body corporate by the name stated in such notice, and shall have perpetual succession and a common seal and may sue and be sued and may acquire take and hold any property in trust for the Church in the diocese in which such resolution shall have been passed or for any person or persons holding for the time being any office therein and may receive any moneys which have been or shall be given or contributed by any person or persons to be applied to any of the purposes of the said Church and may*

*take over any securities for money held by any person or persons on behalf thereof and may take in the name of such corporate body any securities for money belonging to the said Church which shall be lent or advanced on account thereof, and shall deal with all such property and securities so as to give effect to the trusts to which they shall be specially subject, or when not subject to any express trust in such manner as the Synod of such diocese may from time to time direct but so as not to interfere with the jurisdiction of the Supreme Court in the enforcement of trusts.*

The questions arise, therefore: why does the definition of a BRC preclude incorporation under some legislation, but not all legislation? And, why is the issue of incorporation relevant to classification as a BRC?

### **3: The Sole Purpose of ‘Advancing Religion’**

A number of entities registered as BRCs appear not to have the sole purpose of ‘*advancing religion*’ Examples are:

1: Blayney Association for Scripture in Schools Incorporated (ABN 21510374018). The

description of the charity's activities and outcomes in its 2020 AIS states: *Religious education in High School.*

The Governing Document includes the following:

#### Statement of Objective in Governing Document

##### *Part 1 Preliminary*

##### *Part 1.1 – Statement of objects*

*1. Establishing and maintaining a Public Fund for the promotion and provision of Christian Education (Special Religious Education) in the Secondary Schools of the local zone on behalf of the participating churches:*

*(a) the local zone is seen as the total feed area for the secondary schools of:*

*1. Blayney High School*

*2. Provide this education by employment of suitable teacher/s and mobilisation of suitable volunteers*

*3. Raise funds in support Special Religious Education (SRE) program of a secondary school*

4. Uphold the doctrine of the Nicene Creed in an environment that values unity amongst the church and use of the Bible as the complete textbook for faith and life.

2: The Historical Society of The Uniting Church in South Australia (ABN 29063463789). The description of the charity's activities and outcomes in the 2020AIS states,

*We undertake historical research, collate historical records, assists researchers and provide grants to researchers in Australian religious history.*

The Governing Document (in part) states,

17.1 *UNITING CHURCH HISTORICAL SOCIETY MANDATE*

17.1.1 *The UC Historical Society is responsible:*

- a. *To assist the Synod in fulfilling its responsibilities to preserve archival and historic records.*
- b. *To promote the collection, preservation and exhibition of historical documents and records.*
- c. *To preserve and store adequately the artefacts and documents which are not required by the Synod to be lodged at the State Library of South Australia.*
- d. *To arouse interest in and to promote the study and discussion of the history of the Uniting Church particularly in South Australia and of the three churches existing prior to union.*
- e. *To publish historical articles, lectures, and other such materials conducive to preserving the historical record of the Church.*
- f. *To promote the interchange of historical information by lectures, forums, workshops, readings and discussion.*
- g. *To co-operate with other societies interested in South Australian history and/or the history of the Uniting Church and the bodies from which it was formed.*
- h. *To record the owner, so far as is practicable, of the copyright in all primary source material deposited with the Society.*
- i. *To do all such things as are conducive and incidental to the attainment of any, or all the above objects.*

3: The Institute of Tribunal Practice (ABN 58468021957). The summary of activities in the Profile states, *Education in the area of Catholic Church law; while the Description of Activities in the 2020 AIS has nothing recorded.*

The preamble to the Governing Document states,

*As the Canon Law Society of Australia and New Zealand\* has ultimate responsibility for the Institute of Tribunal Practice, the Institute is governed by regulations established by the Executive Committee of the Canon Law Society.*

Purposes

1.1 *The purposes for which the Institute of Tribunal Practice is established are:*

- (a) to educate people in the fundamentals of the Tribunal ministry of the Catholic Church, especially as it pertains to the annulment and dissolution of marriage;*
- (b) to teach people the procedural law of the Church especially as it pertains to the annulment and dissolution of marriage;*
- (c) to train people to fulfil the role of Auditor for matrimonial cases in ecclesiastical Tribunals;*
- (d) to train people to fulfil the role of Assessor for matrimonial cases in ecclesiastical Tribunals;*
- (e) to train people to fulfil the role of Defender of the Bond in matrimonial cases in ecclesiastical Tribunals;*
- (g) to train people to fulfil the role of Advocate/Procurator in matrimonial cases in ecclesiastical Tribunals;*
- (h) to provide suitably trained personnel to work in the ecclesiastical tribunals especially in Oceania;*
- (i) to provide a diploma to those persons who satisfactorily complete the requirements of the Institute of Tribunal Practice;*
- (j) to provide an incentive for persons who successfully complete the requirements of the Institute of Tribunal Practice to pursue studies in canon law with a view to obtaining a degree in canon law;*
- (k) to encourage the study of canon law as part of the continuing renewal of the Church.*

**Note\*:** The Canon Law Society of Australia and New Zealand is registered as charity with the ACNC-but not a BRC. It is a Company Limited by Guarantee

4: The Trustee for Revival Centres International Mission Trust (ABN 19874241394). The summary of activities in Profile states, *Supporting preaching the Gospel*; while the description of the charity's activities and outcomes in the 2020 AIS states, *Religious Activities and Spiritual Welfare*. The following is also stated in the 2020 AIS,

*International activities undertaken:*

- *Transferring funds or goods overseas*
- *Operating overseas including delivering programs*

*Description of the charity's international activities:*

*Support to Church Members in various countries*

The Governing Document (in part) states,

***Recitals***

- A. *The Founder desires to establish a perpetual not for profit charitable and educational trust to be known as the 'Revival Centres International Mission Trust' the object of which is to support aid activities including development and/or relief of persons in declared developing countries. The primary purpose is to provide relief to people and support aid activities in declared developing countries.*

5: The Corporation of The Synod of The Diocese of Rockhampton (ABN 59667733839). The Profile for this BRC shows that this it is also known as *St Georges Homes*. The Summary of activities in the profile and the description of activities in the 2020 AIS state, *Support of church institution participants/residents*. The Governing Document is titled, *Diocese of Rockhampton The St George's Homes Canon 1980*. It states (in full) the following,

*Preamble*

*Whereas it is expedient to make provision for the management and control of family welfare work conducted under the name of St George's Homes now BE IT THEREFORE DECLARED AND ESTABLISHED by the Bishop, Clergy and Laity of the Diocese of Rockhampton in Synod assembled as follows: -*

1. *This Canon may be cited as "The St George's Homes Canon 1980".*

2. *The family welfare work of the church which is directed towards the provision of residential care of children shall be conducted under the name of "St George's Homes". The object of St George's Homes shall be to care for children.*
3. *All the property and funds of St George's Homes shall be vested in the Corporation.*
4. *There shall be a committee of management (hereinafter called "the committee") consisting of the Bishop, the Registrar, the Treasurer and the Chaplain for the time being of St George's Homes (all of whom shall be ex officio members) and not more than ten other members (at least two of whom shall be members of Diocesan Council) appointed annually by the Bishop-in-Council at its first ordinary meeting following Synod. At least two members of the committee other than the ex-officio members shall be clergymen.*
5. *The Bishop-in-Council may consider for the appointment of two of the persons comprising the membership of the committee and in filling in a vacancy in the office of either of them, a person or persons nominated by the body known as "The Friends of St George's Homes".*
6. *Subject to the control and direction of Synod and of the Bishop-in-Council the committee shall be charged with the control, management and direction of St George's Homes but no debt shall be incurred by it exceeding the sum of \$1,000 without the approval of the Bishop-in-Council.*
7. *The Bishop shall be entitled to preside at all meetings of the committee attended by him and he may at his discretion appoint a Deputy Chairman who need not be a member of the committee, and such Deputy Chairman shall in the absence or at the direction of the Bishop both preside at any meetings of the committee and also otherwise perform the duties and exercise the rights and powers of the Chairman.*
8. *Five members shall form a quorum at meetings of the committee.*
9. *The Bishop-in-Council may at any time terminate the membership of any member of the committee.*
10. *Any vacancy in the membership of the committee howsoever arising shall be filled by the Bishop-in-Council and any persons appointed to fill such vacancy shall hold office only until the expiration of the period for which his predecessor was appointed.*

11. *The committee shall meet at such times and in such places as the Chairman or in his absence, the Deputy Chairman, shall think fit provided that the committee shall meet at least once in every three months.*
12. *The committee may, with the prior consent and approval of the Bishop appoint a person to be the manager of St George's Homes to be responsible to the committee for the day to day operation of St George's Homes. The appointment of any such manager may be terminated by the committee with the prior consent and approval of the Bishop. The committee may give to the manager the power of appointment of other members of staff subject to any policy guidelines laid down by the committee.*
13. *The committee shall be entitled to conduct a bank account. All cheques thereon shall be signed by the Registrar or by a person appointed by him and countersigned by the manager or by a member of the committee duly authorised by the committee for that purpose.*
14. *The financial year of the committee shall end on the 31st day of December in each year. Not later than the 28th day of February in each year and at such other time or times as the Bishop-in-Council shall direct the committee shall submit to the Bishop-in-Council a full and complete report of its affairs. Such report shall contain such detail and particulars as the Bishop-in-Council may from time to time direct and the said report shall be presented to Synod.*

6: Our Lady of Fatima Rosebud Parish Bingo (ABN 64185114910). On the profile for this small BRC, listed under, Charity Programs, is,

*'BINGO Sport and Recreation'.*

The description of the charity's activities and outcomes on the 2020 AIS states,

*'Advancing religion'.*

No Governing Document was available. However, a document titled, *'Annual Return for Bingo Activities'*, was lodged for the years 2016, 2018 and 2019. The latest return shows Gross Receipts of \$41,612 and net Proceeds of \$7,666. Disclosures in this document, which include the gambling Permit Number, are made under the Gambling Regulation Act 2003 (Victoria) and the Gambling Regulations 201 (Victoria).

The above-mentioned fundraising is an activity of the small BRC, Our Lady of Fatima Parish Catholic Church Rosebud (ABN 33187561435). Both the summary of activities on the Profile and the description of activities in the 2020 AIS stated,

*“Religious practice whose principal features are Mass, the seven sacraments, veneration of the Virgin Mary and the saints, clerical celibacy, the doctrine of transubstantiation and the doctrine of papal infallibility.”*

The information lodged under Governing Document stated in full,

*This Catholic Parish is located in the Catholic Archdiocese of Melbourne.*

*Parishes within the Catholic Archdiocese of Melbourne are governed in accordance with the Catholic Church Canon Law and the guidelines and policies of the Catholic Archdiocese of Melbourne.*

#### **4: Multiple BRCs with the Same Responsible Persons**

It was noted that there were quite a few instances where a number of related BRCs had the same Responsible persons. Examples are:

1. Twenty-four BRCs, all of which are parishes, with Trustees of The Roman Catholic Church for The Diocese of Wagga Wagga in their name, had the same three Responsible Persons, with some also having a fourth Responsible Person.
2. Fifty-six small BRCs and nine medium BRCs, all of which are parishes with the words, The Corporation of The Synod of The Diocese of Brisbane in their names currently registered entities had the same twenty-four Responsible Persons, some with an additional Responsible person.

#### **5: Use of BRCs in Structuring Financial Arrangements**

The use of BRCs as vehicles for governance and management of large funds stood out as an example of the very wide remit of this charity classification. Two examples are: (1) CCI Asset Management; and (2) the relationship between Diocesan Cash Investment Fund (ABN 16 824 150 770); Trustee for Diocesan Endowment (ABN 84797589118) and Glebe Administration Board (ABN 16008382090).



1: CCI Asset Management CCI Asset Management, which is described as, “a Church-owned company that exists to protect the Catholic Church, its assets and its people”

(<https://cciassetmanagement.org.au/who-we-are> <accessed November 20 2022>)

comprises three charities, two of which are Unit Trusts and are classified as BRCs, with the third charity, being the Trustee for the Unit Trusts, and is not classified as a BRC.

The BRCs, both of which are classified by ASIC as unregistered managed investment schemes and classified under the ACNC Act as large are: (1) The Trustee For CCI Asset Management Income Unit Trust (ABN 36484293501), which reported Net Assets in 2020 of \$65m, and has as its description of activities in its AIS as, “*the scheme invests on behalf of Catholic organisations*”; and (2) The Trustee For CCI Asset Management Catholic Values Unit Trust (ABN 67716279065), which reported Net Assets in 2020 of \$140m, and has as its description of activities in its AIS as, “*provision of investment services to Catholic organisations*”.

The trustee for these two trusts is CCI Asset Management Limited (ABN 65006685856), a company limited by shares, that is owned by another charity, Catholic Church Insurance Limited (ABN 76000005210). All four of the above-named charities have significant cross directorships.

The Governing Documents for both BRCs appear to be incomplete, comprising only a record of a variation to the Trust Deeds, rather than the complete Trust Deeds, so it is not possible to determine the financial reporting requirements for these BRCs. However, the Code of Canon Law places responsibility for them the office of the Archbishop of the Diocese Melbourne. Inspection of the financial reports for both trusts, which are available on CCI Asset Management’s website (<https://www.cciassetmanagement.org.au/who-we-are/#annualreport> <accessed November 20 2022>) shows them to be General Purpose Financial Reports, as, for that matter, are those of the trustee and its parent company.

## 2: Diocesan Cash Investment Fund, Diocesan Endowment and Glebe Administration Board

The case of three registered charities that operate within the Anglican Church of Australia in the Diocese of Sydney (the Diocese) provides insight into the role of BRCs within a denominational framework. The three charities are: (1) Diocesan Cash Investment Fund (ABN 16824150770); (2) Trustee for Diocesan Endowment (ABN 84797589118); and (3) Glebe Administration Board (ABN 16008382090). Diocesan Cash Investment Fund is a registered with the ACNC as a small BRC; Trustee for Diocesan Endowment is registered as a large BRC; and Glebe Administration Board is registered as a small charity (but not as a BRC).

Diocesan Cash Investment Fund was established by the Standing Committee of the Synod of the Anglican Church in Australia Diocese of Sydney (The Synod) in August 2016. It is the internal treasury structure for the management of the cash of more than 200 diocesan organisation. It is constituted as a trust by the Diocesan Cash Investment Fund Ordinance 2016, and registered as a Discretionary Investment Trust on the Australian Business Register. The trustee is Glebe Administration Board. (Reference: Glebe Administration Board Charter ([https://www.sds.asn.au/sites/default/files/GAB%20Board%20Charter.pdf?doc\\_id=NDgxNjk](https://www.sds.asn.au/sites/default/files/GAB%20Board%20Charter.pdf?doc_id=NDgxNjk) <accessed November 20 2020>).

Diocesan Endowment (not Trustee for Diocesan Endowment) was established in 1929. It is a fund comprising equities, bonds and cash, the returns from which are a major source of funding for the Diocese. In 2016 it was re-constituted as a trust by the Diocesan Endowment Trust Ordinance 2016. The trustee is Glebe Administration Board. ([https://www.sds.asn.au/sites/default/files/GAB%20Board%20Charter.pdf?doc\\_id=NDgxNjk](https://www.sds.asn.au/sites/default/files/GAB%20Board%20Charter.pdf?doc_id=NDgxNjk) <accessed November 20 2020>).

The Glebe Administration Board is constituted by the Glebe Administration Board Ordinance 1930 (the GAB Ordinance) and is incorporated under the Anglican Church of Australia (Bodies Corporate) Act 1938. According to the GAB Ordinance, the purpose of the Glebe Administration Board is to advance the purposes of the Anglican Church of Australia in the Diocese of Sydney by managing and controlling the property of the Diocesan Endowment in accordance with the trusts on which it is held (set out in the Diocesan Endowment Trust

Ordinance 2016), and by managing and controlling other property of which it is trustee from time to time in accordance with the terms of the relevant trusts (set out in the Diocesan Cash Investment Fund Ordinance 2016) (Glebe Administration Board Charter, [https://www.sds.asn.au/sites/default/files/GAB%20Board%20Charter.pdf?doc\\_id=NDgxNjk](https://www.sds.asn.au/sites/default/files/GAB%20Board%20Charter.pdf?doc_id=NDgxNjk) <accessed November 20 2020>)

While *Diocesan Cash Investment Fund* and *Trustee for Diocesan Endowment* do not report any financial information to the ACNC because they are registered as BRCs, *Diocesan Cash Investment* and *Diocesan Endowment* do provide financial reports to the Synod, and their financial reports are available at <https://www.sds.asn.au/glebe-administration-board-0> <accessed November 202022>.

In both instances it is clear that the entity that is the subject of the financial report to Synod is the actual trust, i.e. the reports provide information about *Diocesan Cash Investment Fund and Diocesan Endowment*. In 2020 *Diocesan Cash Investment Fund* reported Total Income of \$870,000 and Total Assets of \$110m; while *Diocesan Endowment* reported Revenue from Continuing Operations of \$6.7m and Net Assets of \$110m. In its 2020 AIS, *Glebe Administration Board*, reported Revenue of \$0, Expenses of \$0, Assets of \$0 and Liabilities of \$0.

However, a note in the Financial Report of *Diocesan Cash Investment Fund* which is lodged with the Synod states,

*This financial report covers the activities of GAB as trustee for the Diocesan Cash Investment Fund.*

Conversely, a note in the financial report of *Diocesan Endowment* to the Synod states that,

*The financial statements presented in this Annual report record the DE's assets and liabilities, revenue and expenses that have been entered into by Glebe Administration Board as trustee for the DE. In these financial statements the DE is also referred to as the "entity".*

Furthermore, in its 2020 AIS, Glebe Administration Board describes its activities as, the description, “...acting as trustee of church trust property vested in it or in respect of which it may be appointed trustee.”

In the 2020 Glebe Administration Board Report to the Synod, the following statement is made:

*Charities Group Status Report*

*The Glebe Administration Board as trustee for the Diocesan Endowment (ABN 84797589118) is registered as a large charity under the Australian Charities and Not-for-Profits Commission Act 2012 (the “ACNC Act”).*

*GAB as trustee of the Diocesan Cash Investment Fund (ABN 16 824 150 770) is registered as a small charity under the ACNC Act.*

*GAB in its corporate capacity (ABN 16008382090) is registered as a small charity under the ACNC Act. Annual information statements for 2020 which comply with the ACNC Act have been given to the ACNC.*

*In its capacities as trustee of the Diocesan Endowment and the Diocesan Cash Investment Fund, the GAB is a basic religious charity under the ACNC Act which means that it is exempted from the financial and auditing requirements under the ACNC Act.*

## **6: Soliciting Donations**

In 2020, 7.3% of BRCs indicated on their AISs that they undertook online fundraising. However, it became apparent while inspecting websites of BRCs to determine what activities they performed that it was certainly not uncommon for BRCs of all sizes to have an online facility to accept financial contributions. Such facilities include, for example, having a “Support Us” or “Donate” tile on their web page, which, when activated took one to an online facility to donate either by credit card or electronic funds transfer. An example of the wording above such a facility was, “If you would like to donate to support our parish please send it through the details below”. Accordingly, a small sampling exercise was undertaken by inspecting the websites of a random sample of small, medium and large BRCs in *Category 9: Parishes and Churches* were inspected. The results are shown in Table 7.

**Table 7: Online Acceptance of Financial Contributions by Parishes and Churches**

Size	Percent of Parishes and Churches in Sample with an online facility to accept donations	Sample Size	Percent of Size Tier Sampled
Small	19.8	273	5
Medium	56.6	99	10
Large	75.0	20	20

Table 7.1 shows that the majority of large and medium sized parishes and churches directly solicited donations, and that almost one fifth of small parishes and churches did so. This represents 31.9% of parishes and churches. While it is possible that some online facilities to accept donations were put in place during the COVID-19 pandemic because members of congregations were unable to attend their churches in person, there was no evidence to suggest that contributions were limited to members. Rather, some were clearly open calls for donations. This issue requires further attention.

### **7: Acknowledging the Importance of Financial Accountability**

Two statements by leading authorities provide insight into consideration given to the importance of financial accountability. The first acknowledges accountability to the public; the second, accountability within a church.

1: Accountability to the public. In its formal response to recommendations from the Royal Commission into Institutional Responses to Child Sexual Abuse (Commonwealth of Australia, 2017), the Catholic Church in Australia suggested,

*“A gesture of commitment and good will to the Catholic and broader communities would be for all Basic Religious Charities to have regard to the ACNC governance standards and for the larger Basic Religious Charities to comply with the same reporting and governance standards as comparable charitable and civil entities to the extent circumstances permit.”* (Catholic Church in Australia, 2020, p.51).

At the time of writing however, the 2021 AIS of the Australian Catholic Bishops Conference had been lodged, but with no financial information included.

2: Accountability Within a Church. The following is on the website of Anglican Church of Australia. (<https://anglican.org.au/resolutions/financial-reporting/> <accessed December 23 2022>)

#### *FINANCIAL REPORTING*

*Movers McAteer, B.*

*That this General Synod:*

- a) recognises the importance of responsible, professional and transparent financial reporting at all levels within this church, but especially at national and diocesan level, as being essential to our stewardship and risk management processes;*
- b) congratulates the Diocesan Financial Advisory Group (DFAG) [chaired by Mr. Bill Shields,] for encouraging dioceses to fully adopt the Australian International Financial Reporting Standards (AIFRS), being the accepted accounting framework in Australia; and*
- c) requests the Standing Committee of the General Synod to continue to support the ministry of DFAG by regularly reviewing progress by dioceses in implementing best practice financial reporting through the adoption of AIFRS in diocesan accounts, as well as those of related entities such as their development or deposit funds.*

*The Revd Canon Bruce McAteer moved, Bishop John Harrower seconding, 20 Oct 07.*

*Resolution year: 2007*

*Resolution number: 28/07*

#### *GENERAL SYNOD SESSIONS*

### **PART 8: DISCUSSION OF FINDINGS**

The findings from this exploratory study of BRCs are discussed under 5 headings. (1) The size of BRCs, (2) activities undertaken by BRCs, (3) financial reporting requirements, and (4) human resources deployed by BRCs.

#### **1: The Size of BRCs**

BRCs vary greatly in size. Most are small: according to self-classification, 82.58% had less than \$250,000 in Revenue in 2020; and only 3.58% had Revenue of more than \$1m in that year. Because BRCs are not required to report financial information, it is not possible to state the size of the smallest or the largest. However, in exploring the data, the wide variation in the sizes of BRCs became apparent.

An example of a very small BRC (Category 9: Parishes and Churches) is Yilki Uniting Church (ABN 82068603764) which reported Revenue of \$64,000 in 2020. Another is Albury-Wodonga Christian Broadcasters Inc (ABN 80486909302), a Non-Financial Support Provider (Category 4), which reported Revenue of \$76,000 and Net Assets of \$104,000 in 2020.

An example of a medium BRC is Bethel Independent Presbyterian Church Incorporated (ABN 86727247193), which reported income of \$623,000 (which included '*Sunday Worship Offerings*' of more than \$5,000 per week) and Net Assets of more than \$4.5m in 2020. Another medium BRC, New Lambton Anglican Parish (ABN 38891442116) also reported significant income from '*Offerings*': more than \$7,500 per week, which contributed to Annual Revenue of just under \$640,000 in 2020.

An example of a large BRC is Archdiocese of Melbourne Catholic Development Fund (ABN 15274943760), which Religious Charitable Development Fund that reported Revenue of \$62.7m and Total Assets of \$1.98b and Net Assets of \$205m. in 2020. As noted in Part 4, the twenty-one Religious Charitable Development Funds that are BRCs controlled assets of more than \$6b in 2020. Other BRCs that are very large and have been discussed elsewhere in this paper include The Trustee for The Diocesan Endowment (ABN 84797589118) which reported Revenue of \$6.8m and Net Assets of \$110.7m in 2020; and The Trustee for St Andrew's House Trust (ABN 81498954541), which reported Revenue of \$12.3m and Net Assets of 220.7m in that year. Notably, the above mentioned large BRCs are resource providers (Categories 1, 2 and 3 respectively), but even BRCs more directly involved in '*advancement of religion*' can report significant earnings such as the Australian Catholics Bishops Conference and Hillsong Church Australia. The Australian Catholic Bishops

Conference (ABN 60597896756) reported Revenue of \$11.1m (down from \$21.6m in 2017) in its 2020 Annual Report. Hillsong Church Australia (ABN 73640782059) reported Revenue of \$87.8m and Net Assets of \$35.3m in 2020.



## **2: The Activities Undertaken by BRCs**

BRCs also vary greatly in the activities they undertake. Ten categories were identified for this paper. BRCs in some, such as Category 9: Parishes and Churches undertook the charitable purpose of '*advancing religion*' directly by facilitating worship; while others, such as those in Category 3: Property Trusts, did so indirectly by providing places of worship and/or generating funds to support religious entities.

Some categories, such as Category 1: Religious Charitable Development Funds, and Category 3: Property Trusts, were homogeneous others; while others, such as Category 4: Provider of Non-Financial Support and Category 2: Other Funds comprised BRCs that varied greatly. Examples of non-financial support for religious entities included such diverse activities as providing financial services, media production, education and training, providing premises, providing recreational facilities, undertaking research. Examples of other funds ranged from simple parish Bingo to sophisticated managed investment schemes; and included funds dedicated to specific purposes, such as the remuneration of priests, as well as funds used for the general upkeep and administration of a diocese.

BRCs in Category 5: Trading Enterprise, although small in number (comprising just .32% of the population of BRCs for which activities could be ascertained), were active across a range of industries. Examples included: the provision of funeral services, managing cemeteries, selling religious regalia and other church supplies, producing media, and operating bookshops.

BRCs in Category 6: Welfare Service Provider pursued the charitable purpose of 'advancement of religion' in a variety of fields, including, for example, providing student accommodation, supporting seafarers, running out of school hours care centres, and maintaining libraries.

BRCs in Category 7: Governing, Administration and/ or Coordination varied according to the governance arrangements of their denomination. Some, such as Anglican Synods operate in a quasi-parliamentary manner; while others, such as Catholic Bishops are more directive.

Many command significant resources through entities incorporated under State and Territory enabling legislation.

The activities of BRC classified as Category 8: Religious Orders and Faith-Based Movements also varied greatly. While Religious Orders had in common the taking of vows and observance of religion, the majority also engaged in welfare activities in areas such as health, education and care of the elderly.

BRCs in Category 9: Parishes and Churches varied in relation to the activities undertaken in addition the core activity of facilitating worship. Many Catholic Parishes were involved in school education; and parishes and churches of all denominations undertook welfare work, assisted overseas missions, and ran opportunity shops and other fundraising ventures.

### **3: The Financial Reporting Requirements of BRCs**

Perhaps the biggest surprise for this writer was the extent of financial reporting requirements for BRCs that were contained in their Governing Documents. Examples are provided Part 6 (above), with further details provided in Appendices 3, 4,5 and 6. Many other sources could have been included.

Overall, the review of Governing Documents shows those BRCs that operate within a denominational framework (which appears to be the overwhelming majority of BRCs - are subject to significant financial reporting requirements. Some very large and sophisticated entities of the Anglican Church, for example, were found to be named in Ordinances and Regulations of denominational authorities, and subject to highly specified requirements. However, parishes and churches of the Anglican, Lutheran and Uniting Churches (little could be found about the requirements of the Catholic and other major churches) are also subject to significant financial reporting requirements, irrespective of their size.

It seems likely that, of the small BRCs examined in this research (which comprise more than 80% of BRCs), those with the most onerous financial reporting requirements are parishes and churches that operate within a denominational framework. Conversely, those with the least

requirements to meet are small independent parishes and churches. Furthermore, BRCs (including small parishes and churches) that operate within a denominational framework are required under their governance documents to have their financial statements externally audited.

It appears therefore that, because of the requirements of their Governing Documents and directives from denominational authorities:

- all BRCs that operate within a denominational framework could easily meet the financial reporting requirements of the ACNC Act.
- small parishes and churches that operate within a denominational framework currently report, more financial information, and in greater detail, than is required of small charities that are not BRCs under the ACNC Act.

#### **4: The Human Resources Deployed by BRCs**

The discussion of human resource deployment by BRCs in Part 5 highlighted the variation in activities undertaken by BRCs. Generally speaking, those more directly involved in advancing religion deployed higher numbers of staff and volunteers than those in support roles. The only exception to this was BRCs in Category 4: Providers of Non-Financial Services, a finding, which, as indicated above, requires further consideration. Perhaps one of the 'stand-out' findings was the very low levels of paid staff, but very high ratio of volunteers to paid staff in small Property Trusts, and small Other Funds, which suggest that many of these BRCs are passive resources/ investment vehicles, rather than entities in which there is ongoing day-to-day activity, as is the case in Parishes and Churches, for example.

## **PART 9: ADDRESSING THE ARGUMENTS FOR EXEMPTING BRCs FROM REPORTING**

### **FINANCIAL INFORMATION TO THE ACNC**

The justifications for exempting BRCs from reporting financial information are made by those who support the exemption on three : (1) accountability, (2) capacity and (3) burden grounds (as noted above, such arguments are reproduced here in full as Appendix 1). In the following discussion, each of the main arguments is set out and a response that is largely on the based of evidence obtained during the present study is provided.

#### **1: Accountability**

- (a) **Argument**: Most Basic Religious Charities receive their financial support from a known supporter base (members) who share a common purpose, and it is thus unusual for BRCs to make fundraising appeals to the general public. Consequently, it is not apparent that anyone, other than the members or other stakeholders of the BRC, has an interest in the financial information, or the capacity to properly understand its nature and relevance.

**Response**: In 2020, 7.3% of all BRCs indicated on their AISs that they undertook online fundraising. However, inspection of the websites of a random sample of Parishes and Churches (Category 9) yielded the following.

**Table 7.1: Online Fundraising by Parishes and Churches**

<b>Sub-Category</b>	<b>Percent of Parishes and Churches that Solicited Donations on Their Website</b>	<b>Sample Size</b>	<b>Percent of Sub-Category Sampled</b>
<b>Small</b>	19.8	273	5
<b>Medium</b>	56.6	99	10
<b>Large</b>	75.0	20	20

Table 7.1 shows that the majority of large and medium sized parishes and churches directly solicited donations and that almost one fifth of small parishes and churches did so. This represents 31.9% of parishes and churches.

Importantly, all BRCs receive indirect financial support from the Australian community because they are exempt from paying income tax and GST, receive FBT concessions, a number of concessions from state and territory governments, and also local governments. Furthermore, under s 57 of the Income Tax Assessment Act 1986, payment to ministers of religion can be structured in such a way that no income tax is paid by the minister. (However, some denominational authorities do posit guidelines suggesting that less than 100% be so sacrificed.)

- (b) **Argument:** BRCs that operate within a denominational structure are subject to binding financial reporting requirements of the denomination.

**Response:** While this is true, the principles of transparency and accountability that underpin the ACNC Act are those relating to public rather than private relationships. Given that it has been demonstrated in this paper that BRCs that operate within a denominational framework, especially those that are small, are subject to financial reporting requirements that are more onerous than those of the ACNC Act for small charities that are not BRCs, there is little impediment for BRCs to report financial information to the ACNC.

- (c) **Argument:** The present legislation strikes the correct balance by providing a high degree of transparency about the activities, personnel, size, governance and responsible persons of Basic Religious Charities, while recognising the unique nature of these charities by not imposing an unnecessary compliance burden.

**Response:** It is difficult to understand what is “unique” about BRCs because, as is demonstrated in this paper, they undertake a very wide range of activities. As well, anecdotal evidence collected in the present research suggests that governance arrangements vary greatly between BRCs. Furthermore, for almost every one of the ten categories identified in this paper, it is possible to find a similar charity that is incorporated under an act that disqualifies it from registering as a BRC. For example,

Brighton Church of Christ Incorporated (ABN 64720373715) performs the same activities as BRCs classified as Category 9: Parishes and Churches. Perhaps the only category for which a similar charity would not be found is Category 8: Religious Orders and Faith-Based Movements.

## 2: Capacity

- (a) **Argument:** Although other religious charities will also meet the criteria to be registered as a BRC, the main types of entity that will be classified as BRCs will be local churches and parishes, which have limited administrative capacity.

**Response:** This paper has demonstrated that the human resources deployed by small (local) parishes and churches is greater than those deployed by small charities that are not BRCs, and which must report financial information under the ACNC Act.

Furthermore, this paper has also demonstrated that small parishes and churches (and likely other BRCs) currently report within their denominational frameworks, far more than is required of small charities that are not BRCs. As well, they must have their financial statements audited, something that is not required of small charities that are not BRCs under the ACNC Act.

It follows from the above, that small parishes and churches, and likely all BRCs, could easily report financial information in the way that charities that are not BRCs do under the ACNC Act.

## 3: Burdon

- (a) **Argument:** Removing the reporting exemption for BRCs that operate within a denominational structure would lead to an increase in regulatory obligations and compliance costs without a commensurate community benefit.

**Response** BRCs represented 17% of charities in 2020. Given that one benefit to the community of the ACNC Act is to,

*“to maintain, protect and enhance public trust and confidence in the Australian not-for-profit sector”*

through the requirement that registered charities report annually to the ACNC and that the public can access such information through the ACNC portal, it can be argued that the community is not benefitting as fully as it might while such a significant proportion of registered charities are not providing financial information.

As noted above:

- (1) given what BRCs currently report under their Governing Documents and requirements of denominational authorities, they could easily report financial information to the ACNC;
- (2) small BRCs have greater administrative capacity than small charities that are not BRCs and report financial information to the ACNC; and
- (3) many large BRCs clearly would not be burdened by an additional reporting financial requirement.

(b) **Argument:** Denominational financial reporting requirements are typically the same for all BRCs in that denomination, irrespective of the size of the entity. Without the BRC category, a denominational authority which wished to continue to use a standardised form of accounts across all parishes would either need to require those parishes which are categorised as small charities to also comply with the Accounting Standards, or require those parishes categorised as medium or large to maintain two sets of accounts.

**Response:** It is not true in 2022 that, *“financial reporting requirements are typically the same for all BRCs in that denomination”*.

- (1) The circular from Sydney Diocesan Services, reproduced here as Appendix 3, clearly shows that within one large diocese, parishes have a choice in the way they report. They can report using a format prescribed by the Diocese or, *“In a different format designed to suit local requirements.”*
- (2) The Anglican Diocese of Sydney currently has different reporting requirements for certain entities that report to it and also permits some entities to choose whether they will prepare general or special purpose financial reports. An extract from the *Accounts, Audits and Annual Reports Ordinance 1995 Amendment Ordinance 2013*, reads as follows,

*9. Financial Statements*

- (1) Each Organisation referred to in the First Schedule must as soon as possible after the end of a Financial Year prepare the following financial statements for the Organisation –*
- (a) a statement of income and expenditure for the Financial Year giving a true and fair view of the income and expenditure of the Organisation;*
  - and*
  - (b) a balance sheet as at the end of the Financial Year giving a true and fair view of the state of affairs of the Organisation.*

*Such financial statements must be accompanied by a statement indicating whether any audit or other assurance procedures were undertaken in relation to the finances of the Organisation for the Financial Year and, if so, the nature and outcome of those procedures.*

- (2) Each Organisation referred to in the Second or Third Schedule must as soon as possible after the end of a Financial Year prepare financial statements for the Organisation for the Financial Year in accordance with the Accounting Standards and present such statements to the auditor.*

**Note:** *Under the Accounting Standards, each Organisation referred to in the Second or Third Schedule must determine whether it is a reporting entity required to produce general purpose financial reports (GPFR), or a non-reporting entity that can produce special purpose financial reports (SPFR).*



*Generally the existence of users who are dependent on GPFR for making and evaluating resource allocation decisions will mean the organisation is a reporting entity. In certain circumstances it may be appropriate for a reporting entity preparing GPFR to apply the reduced disclosure requirement version of the Accounting Standards. A non-reporting entity can prepare SPFR which only comply with certain selected Accounting Standards.*

[https://www.sds.asn.au/sites/default/files/Accounts%20Audits%20and%20Annual%20Reports%20Ordinance%201995%20%28consolidated%29.pdf?doc\\_id=NTEwNjY=](https://www.sds.asn.au/sites/default/files/Accounts%20Audits%20and%20Annual%20Reports%20Ordinance%201995%20%28consolidated%29.pdf?doc_id=NTEwNjY=) <accessed November 20 2022>

(3) Some denominational authorities permit BRCs (and other entities) that report to them to choose to report on either a cash or accrual basis. Two examples are:

(1) The Anglican Diocese of Sydney. The document from which an extract is provided in Appendix 4, contains the following guidance for Parish Wardens (not included in Appendix 4),

*(a) Basis of Preparation*

*The Financial Statements have been drawn up as special purpose financial statements for distribution to the parishioners of the parish of parish name. The wardens of the parish have applied the following accounting policies in the preparation of the Financial Statements –*

*(i) The Financial Statements have been prepared on the cash/accrual [delete whichever not applicable] basis of accounting using the historical cost convention, except as affected by the policies below (emphasis added),*

(2) Uniting Church in Australia Synod of NSW and the ACT. The document reproduced here as Appendix 5, clearly shows that church congregations in that jurisdiction can choose the basis on which they account since they are asked to indicate whether, “...*the financials prepared on a cash or accruals basis...*”

(3) Lutheran Church of Australia. The policy document titled, Accounting and finance – Audit Policy, which is reproduced here as Appendix 6, also

shows that variation between entities that report within the denomination is accepted. It states (in part),

*3.6 The method of accounting - cash or accrual - shall be determined on a case-by-case basis, however the policies of the LCA or its Districts shall prevail. Generally those bodies with annual turnover in excess of \$100,000 should use accrual accounting and disclose assets and liabilities (Statement of Position) in a statement separate from the income and expenditure statements (Statement of Performance).*

(c) Examples of the difficulty said to arise from applying the Accounting Standards are as follows:

(i) **Argument:** Medium and large BRCs that are required by their denominational authority to report on a cash basis would be required to also prepare a set of financial statements on an accrual basis.

**Response:** As noted above, some denominational authorities currently accept from financial reports prepared on either basis.

(ii) **Argument:** Parishes would be required to obtain valuations for all of the real property (some of which is heritage listed and/ or subject to special zoning rules), which would be an expensive and complex exercise.

**Response:** This is simply not true. The relevant Accounting Standard, AASB116 Property Plant and Equipment (at paragraph 31), provides those preparing financial statements with the choice to recognise assets at either cost or at fair value and only if “fair value can be reliably measured” (emphasis added).

Currently, the Anglican Church Diocese Sydney requires parishes

to report land at the “Valuer General’s Unimproved Capital Value” and Buildings at “Insurance Replacement Value”.

([https://www.sds.asn.au/sites/default/files/Circular%202020%20PFS%20final.pdf?doc\\_id=NDcxNjM=](https://www.sds.asn.au/sites/default/files/Circular%202020%20PFS%20final.pdf?doc_id=NDcxNjM=) <accessed October 22 2022>)

In that diocese, the Anglican Church Property Trust holds all property in trust for parishes other diocesan entities. Values are updated every three years, and all that is required of parishes is that they access this information through a portal of the diocese.

- (iii) **Argument:** Almost all assets of parishes are held on charitable trusts by a corporate trustee. The Accounting Standards would require the real property of a parish to be recorded on the balance sheet of the corporate trustee and not the BRC.

**Response:** There are a number of points that can be made in response to this comment:

1. It seems that these trustees are BRCs. The trustee could include reference in the AIS to the parish on whose behalf it holds assets.
2. It is arguable that even though the property is held in trust by a trustee, the parish on whose behalf the property is held, actually controls the asset- in which case it could be recognised in the financial statements of the parish. (This is a view put by a spokesman on accounting for a major denomination. An example of such accounting is provided in the case of St Pauls Anglican Church of Australia Castle Hill (ABN 83350539685). The extract from the financial statements of this BRC shows that, amongst other things, it recognises a Non-Current Asset comprising land at 421 Old Northern Road; while the extract from the Governing Document lodged with the ACNC shows this land to be held in trust by a trustee, the Anglican

Church Property Trust Diocese of Sydney.

**Extract from the 2020 Financial Statements of St Pauls Anglican Church of Australia Castle Hill (ABN 83350539685)**

([https://stpauls.church/app/uploads/2021/03/210224-St Pauls Anglican Church Castle Hill - 2020-Prescribed Financial Statements-DRAFT-1.pdf](https://stpauls.church/app/uploads/2021/03/210224-St_Pauls_Anglican_Church_Castle_Hill_-_2020-Prescribed_Financial_Statements-DRAFT-1.pdf) <accessed January 13 2023>)

<i>Non-Current Assets</i>		
<i>Land</i>	<i>\$</i>	<i>\$</i>
<i>Church Property Land - 421 Old Northern Road</i>	<i>3,780,000</i>	<i>3,590,000</i>
<i>Church Property Land - Cemetery Castle Hill</i>	<i>605,000</i>	<i>550,000</i>
<i>Total Land</i>	<i>4,385,000</i>	<i>4,140,000</i>
<i>Buildings</i>		
<i>Church Property Building - Admin Office / Rectory</i>	<i>990,901</i>	<i>950,960</i>
<i>Church Property Building - CEC</i>	<i>3,601,277</i>	<i>3,456,120</i>
<i>Church Property Building - Church</i>	<i>5,585,370</i>	<i>5,360,240</i>
<i>Total Buildings</i>	<i>10,177,548</i>	<i>9,767,320</i>

**Extract from the Governing Document of St Pauls Anglican Church of Australia Castle Hill (ABN 83350539685)**

*Castle Hill Trust Ordinance 2020*

*No 49, 2020*

*Long Title*

*An Ordinance to vary the trusts on which certain property is held and to establish the ACPT – Castle Hill Trust.*

*Preamble*

*Anglican Church Property Trust Diocese of Sydney (the "ACPT") is the trustee of the property described in each of the cells in column 1 of the table in the Schedule (the "Existing Property").*

*The property described in a cell in column 1 of the table in the Schedule is held on the trusts described in the corresponding cell in column 2 of the Schedule.*

**Schedule**

<b>Column 1</b>	<b>Column 2</b>
<i>The land in folio identifier 11/733800 known as 421 Old Northern Road, Castle Hill and the site of St Paul's Church &amp; Rectory.</i>	<i>By subclause 3(2) of the Castle Hill Ordinance 1982 the land is held upon trust for the parish of Castle Hill.</i>

ACPT Client Fund 335	<i>The funds are held on trust for the Parish although there are no written trusts.</i>
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3. Otherwise, it may suffice to introduce something similar to s 295 (3) (c) of the Corporations Act, which requires companies to provide additional information that gives a “true and “fair” view, if, in the opinion of the directors, complying with the accounting standards does not yield such a view.

(iv) **Argument:** The offertory income of a parish is also held on trust, usually by the wardens of the particular parish. The Accounting Standards may well require this income to also be accounted for separately to the parish itself. This would mean that the financial statements of the parish would give the misleading impression that it had no income, expenditure, assets or liabilities.

**Response:** While such a practice may have obtained in 2018, the Anglican Church Diocese-Sydney, in 2020, clearly requires its parishes to include offertory income as an item of Revenue (Item No. 4-1100-Congregation Offerings) in the parish’s Statement of Comprehensive Income.

([https://www.sds.asn.au/sites/default/files/Circular%202020%20PFS%20final.pdf?doc\\_id=NDcxNjM](https://www.sds.asn.au/sites/default/files/Circular%202020%20PFS%20final.pdf?doc_id=NDcxNjM)=<accessed October 22 2022>)

Similarly, the financial reporting template of Uniting Church in Australia Synod of NSW and ACT, reproduced here in Appendix 5, shows that offertory income is considered to be income of the church in which it is collected. Item I1 of the template has the following description,

*General offerings from Congregation attendees (via plate,*

*envelope, electronically).*

## **END NOTES**

[1] The year 2020 was chosen for this study because, at the time it commenced (in August 2022), 2020 was year for which the most recent edition of the Australian Charities Report (Australian Charities Report 8<sup>th</sup> Edition (ACNC, 2022)) was available.

### [2] 205-35 **Basic religious charity**

- (1) An entity is a **basic religious charity** if:
    - (a) the entity is a registered entity; and
    - (b) the entity is registered as the subtype of entity mentioned in column 2 of item 3 of the table in subsection 25-5(5) (Entity with a purpose that is the advancement of religion); and
    - (c) the entity is not entitled to be registered as any other subtype of entity.
  - (2) However, an entity is not a **basic religious charity** if:
    - (a) the entity is a body corporate that is registered under the *Corporations Act 2001*; or
    - (b) the entity is a corporation registered under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*; or
    - (c) the entity is a corporation registered under the *Companies Act 1985* of Norfolk Island; or
    - (d) the entity is incorporated under any of the following:
      - (i) the *Associations Incorporation Act 2009* of New South Wales;
      - (ii) the *Associations Incorporation Act 1981* of Victoria;
      - (iii) the *Associations Incorporation Act 1981* of Queensland;
      - (iv) the *Associations Incorporation Act 1987* of Western Australia;
      - (v) the *Associations Incorporation Act 1985* of South Australia;
      - (vi) the *Associations Incorporation Act 1964* of Tasmania;
      - (vii) the *Associations Incorporation Act 1991* of the Australian Capital Territory;
      - (viii) the *Associations Act 2010* of the Northern Territory;
      - (ix) the *Associations Incorporation Act 2005* of Norfolk Island.
  - (3) An entity is also not a **basic religious charity** if it is a deductible gift recipient.
- (3A) Subsection (3) does not apply at a time in a financial year if:
- (a) paragraph 30-227(2)(a) of the *Income Tax Assessment Act 1997* does not apply to the entity at any time in the financial year; and
- Note: Paragraph 30-227(2)(a) of the *Income Tax Assessment Act 1997* applies to funds, authorities or institutions endorsed as deductible gift recipients or mentioned by name in the table in section 30-15 or Subdivision 30-B.
- (b) the entity is endorsed under Subdivision 30-BA of that Act as a deductible gift recipient for the operation of one or more funds, authorities or institutions at any time in the financial year; and

- (c) the total revenue of the entity for the financial year in relation to the operation of the funds, authorities or institutions is less than \$250,000 or any greater amount prescribed by the regulations for the purposes of subsection 205-25(1).
- (4) An entity is also not a *basic religious charity* at a time in a financial year if the Commissioner has allowed it (together with one or more other entities) to form part of a reporting group for the year under section 60-95.
- (5) An entity is also not a *basic religious charity* at a time if:
  - (a) the total of the grants (however described) (if any) it receives from Australian government agencies in a financial year exceeds \$100,000; and
  - (b) the financial year is:
    - (i) the financial year in which the time occurs; or
    - (ii) either of the previous 2 financial years.
- (6) An entity is also not a basic religious charity at a time if:
  - (a) either:
    - (i) an application for redress is made under section 19 of the National Redress Scheme for Institutional Child Sexual Abuse Act 2018 that identifies the entity as being involved in the abuse of a person; or
    - (ii) an application for redress is made and information is given in response to a request under section 24 or 25 of that Act that identifies the entity as being involved in the abuse of a person; and
  - (b) the application for redress has not been withdrawn under section 22 of that Act; and
  - (c) the entity is not a participating non-government institution (within the meaning of that Act) on a particular day (the relevant day).

However, if an entity becomes a participating non-government institution after the relevant day, this subsection does not apply to the entity at any time during which the entity is a participating non-government institution.

- (7) For the purposes of subsection (6), it does not matter whether the application is valid.
- (8) For the purposes of paragraph (6)(c), the relevant day is:
  - (a) for applications made before 1 January 2021—the later of the following days:
    - (i) the day this section commences;
    - (ii) if, on the day this section commences, the 6 month period beginning on the day the application was made has not ended, the day after the end of that 6 month period; or
  - (b) in any other case—the latest of the following days:
    - (i) if a request is made under section 24 or 25 of that Act in relation to the application and information is given in response to the request, the day after the end of the 6 month period that begins on the day that the information is given;

- (ii) if a request is made under section 24 or 25 of that Act in relation to the application and information is not given in response to the request, the day after the end of the 6 month period that begins on the day the application is made;
- (iii) if a request is not made under section 24 or 25 of that Act in relation to the application, the day after the end of the 6 month period that begins on the day the application is made;
- (iv) the day prescribed by the regulations.

**[3]** As a result of recent changes in regulations, Investors are restricted to entities that fall within the definition of an “Associate” under the Corporations Act 2001 (Act) Exemption Instrument 2016/813 (Wholesale Charitable Investment Fundraising) and an “Affiliate” under the Banking Exemption No. 1 of 2017 of the Banking Act 1959. In practice this includes: churches, parishes, educational institutes and other agencies of the denomination, chaplaincies, religious institutes, clergy, and staff and volunteers of entities that operate within the denomination.

## **REFERENCES**

*Australian Catholic Bishops Conference 2018. Submission to the Review of Australian Charities and Not-for-profits Commission legislation.*

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Lucas, B., Slack, P., and d’Apice, W. (2008). *Church Administration Handbook*. St Pauls Publications, Sydney.

Power, J 2018, *Where to From Here for the Catholic Church- Recommendations 94 and 95 of the Redress and Civil Litigation Report*. University of Notre Dam Law Review, No. 20 Article 3.



**APPENDIX 1: EXTRACTS FROM SUBMISSIONS THAT PROVIDE THE RATIONALE FOR THE CHARITY CLASSIFICATION OF BASIC RELIGIOUS CHARITY AND FOR VARIOUS EXEMPTIONS UNDER THE ACNC ACT.**

**Extract 1: From the submission of the Standing Committee of the Synod of the Anglican Church Diocese of Sydney to the Parliamentary Joint Committee on Corporations and Financial Services concerning the Australian Charities and Not-for-profits Commission Bill 2012 and the Australian Charities and Not-for-profits Commission (Consequential and Transitional) Bill 2012. Dated: 30 August 2012.**

**1 Basic Religious Charities and gift deductible funds**

- (a) The inclusion of the Basic Religious Charity (BRC) definition in the Bill is a welcome initiative which recognises the particular characteristics of religious entities and the challenges they face. We expect that the main types of entity that will rely on the BRC status will be local churches and parishes, although other religious charities will also qualify. These entities typically operate within and are accountable to a broader denominational community.
- (b) Having included the concept of BRC in the Bill, it is important that the concept works in practice.
- (c) The recent inclusion of a minimum \$100,000 annual threshold for BRCs to receive Government grants without losing this status is helpful. We also accept that entities which are endorsed as DGRs as a whole, for example public benevolent institutions such as ANGLICARE, should not be regarded as BRCs.
- (d) However, as currently drafted, the definition of BRC will exclude many local churches and parishes from being BRCs where such charities are endorsed as a DGR for the operation of a fund as part of their broader operations (section 205-35(3)). For example, many churches are endorsed as DGRs for the operation of a school building fund.
- (e) In order to address this issue, we suggest that BRCs which are endorsed as DGRs for the operation of a fund should be subject to financial reporting and governance obligations in relation to the fund, as if the fund were a registered entity for the

purposes of section 205-25 of the Bill (small, medium and large entities). This would enable the broader operations of the BRC to remain exempt from financial reporting and governance obligations.

- (f) An alternative solution might be to include in the transitional provisions for the Bill a mechanism by which such funds can be readily transitioned to stand alone DGR entities with a separate ABN. For example, the transitional provisions could provide that if a BRC obtains an ABN for such a fund and notifies the ACNC of its existence within, say, 12 months of the commencement of the ACNC Act, the ACNC will register the fund as a charity on a stand- alone basis. This would avoid the need for religious entities, which have, in good faith, structured themselves with a DGR fund as part of their broader operations, from having to go through a full process of winding-up the existing fund and obtaining registration and endorsement of a new DGR fund on a stand-alone basis. However, in order for this solution to work, it would be necessary to determine whether the funds to be transitioned were entities in their own right (e.g. trusts) capable of registration.
- (g) Similar notification provisions for other transitional purposes already exist in the Bill.

**Extract 2: From the submission of the Australian Catholic Bishops Conference to the Parliamentary Joint Committee on Corporations and Financial Services concerning the Australian Charities and Not-for-profits Commission Bill 2012 and the Australian Charities and Not-for-profits Commission (Consequential and Transitional) Bill 2012. Dated: 30 August 2012**

**Basic religious charities**

The ACBC appreciates the recognition given to the special role that entities established for the promotion of religion play in the community and the consideration given to attempting to remove unnecessary and burdensome requirements from these entities.

From this policy perspective, it appears that proposed section 205-35 is intended to establish a set of definitional requirements that replicate the usual activities of religious entities.

In the Catholic Church, many of these entities are our parishes – there are 1368 parishes in Australia. A parish is typically involved in worship, education (generally through a parish school) and community services and support, for example childcare for working families, family support, parent groups and the making available of parish facilities to parish and other community groups. To assist the Parish Priest in carrying out these roles, the parish community would typically support these activities both financially and by parishioners contributing their time, labour and expertise in a voluntary capacity.

Whilst acknowledging and appreciating the policy intention behind the concept of a BRC, the ACBC notes that the term “basic religious charities” may give rise to negative overtones and comparisons and for this reason asks for the term to be replaced with a term such as “Religious Charities” or “Charities for the advancement of religion.”

The ACBC is pleased to note the effect of section 205-5(4) that a Church entity that may qualify as a BRC under section 205-35 will not have that status affected where it uses the same trustee as another Church entity that may not qualify as a BRC. The capacity of a person / entity to act in several capacities, and the acknowledgement that on each occasion it will be taken to be a different entity, is an important and welcome inclusion that will support the way in which the Church operates.

### Recommendations

Having reviewed the proposed section 205-35 the ACBC submits that the following changes be taken into account so that the definitional requirements contained in that section may more completely reflect the reality of life in a typical parish or church agency:

- (DGR disqualifier) In supporting the parish school, a large number of parishes have established School Building Funds which may or may not be under the ABN of the parish and have been endorsed as DGRs. Proposed section 205-35(3) excludes an entity from being a BRC if “it is a [DGR]”. ACBC notes that DGR is defined in section 30-227 of the Income Tax Assessment Act 1997 to include entities that operate a

DGR fund. The current drafting would mean that the apparently well-intentioned exemption in the Bill will not apply in practice because section 205-35(3) would disentitle such a parish from being a BRC simply because it operated a School Building Fund or some other DGR. The effect of Section 205-35(3) will be to increase red tape and the level of reporting above that which currently applies by requiring parishes which operate a School Building Fund to place the School Building Fund into a separate ABN if the parish is to be a BRC.

ACBC understands the rationale around monitoring and control of DGRs but we note that DGRs with annual revenue less than \$250,000 are not subject to financial reporting requirements.

As the only reason why such a parish would lose entitlement to be considered a BRC is that it is a DGR, we submit that this entitlement should not be lost where the

DGR's annual revenue is less than the threshold for medium registered entities. Our submission is that proposed section 205-35(3) reads:

An entity is not a basic religious charity if it is a DGR, but only where the aggregate of the DGR activities of the entity alone would result in the entity being classed as a medium registered entity or a large registered entity.

- (Type and subtype) The ACNC may consider that a typical parish conducting a school building fund (which is but one example of the extensive parish life) would also be entitled to registration as a subtype in column 2 of item 2 of the table in section 25-5(5) (Entity with a purpose that is the advancement of education). Although the Church would view the advancement of religion as the defining characteristic of the parish (even in relation to the school building fund activities), the risk of a different interpretation by the ACNC needs to be clarified so that an entity can still qualify as a BRC if it undertakes purposes within other subtypes provided that the advancement

of religion is one of its purposes. For this purpose, we submit that proposed section 205-35(1) be amended as follows:

Remove “: and” at the end of section 205-35(1)(b) and replace it with “.” Remove section 205-35(1)(c).

The ACBC notes that under the Transitional provisions (section 2(3)) basic religious charities will need to be registered and asks that the ACNC Commissioner ensures a streamlined mechanism to do that.

**Extract 3: From the submission of the Standing Committee of the Synod of the Anglican Diocese of Sydney to Treasury’s Review of Australian Charities and Not-for-profits Commission (ACNC) legislation. Dated: 26 February 2018.**

#### 1. Basic Religious Charities

The ACNC Act sets out qualification criteria for a subset of charity known as Basic Religious Charity (“BRC”). Basic religious charities provide much the same information for the ACNC register as all other charities, but are relieved from the obligation to provide a financial report, are not subject to the ACNC governance standards and the ACNC Commissioner does not have power to remove the responsible entities of a BRC.

The concept of a Basic Religious Charity emerged in consultations on the exposure draft for the ACNC Act, as it was apparent that for many religious charities, the Act would lead to an increase in regulatory obligations and compliance costs without a commensurate community benefit. This would have been inconsistent with the Act’s object to “promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector” (section 15(1)(c)).

In our submissions to the Parliamentary Joint Committee on Corporations and Financial Services concerning the Australian Charities and Not-for-profits Commission

Bill 2012 and the Australian Charities and Not-for-profits Commission (Consequential and Transitional) Bill 2012, we commented as following concerning the Basic Religious Charity concept -

The inclusion of the Basic Religious Charity (BRC) definition in the Bill is a welcome initiative which recognises the particular characteristics of religious entities and the challenges they face. We expect that the main types of entity that will rely on the BRC status will be local churches and parishes, although other religious charities will also qualify. These entities typically operate within and are accountable to a broader denominational community. Having included the concept of BRC in the Bill, it is important that the concept works in practice.

We then went on to make some further drafting suggestions in our submission, many of which were adopted.

a. The value of the Basic Religious Charity category

Having questioned how the BRC concept might work, we are pleased to affirm that in our experience it has worked excellently in practice. The concept strikes the correct balance by providing a high degree of transparency about the activities, personnel, size, governance and responsible persons of Basic Religious Charities, while recognising the unique nature of these charities by not imposing an unnecessary compliance burden.

Some of the unique features of Basic Religious Charities which justify differential regulatory treatment are as follows:

(i) Denominational structures

Many BRCs operate under a denominational (or umbrella) structure. The irregularity of these structures makes standardised reporting and governance standards inappropriate for BRCs.

Denominational BRCs may be required to prepare their financial statements in a prescribed form for internal purposes, such as the calculation of assessments

to determine contributions to shared expenses and network costs. This prescribed form is typically the same for all BRCs in that denomination, irrespective of the size of the entity.

The BRC category recognises this, by exempting BRCs from the three-tiered reporting structure that applies to other charities. Without the BRC category, a Diocese which wished to continue to use a standardised form of accounts across all parishes would either need to require those parishes which are categorised as small charities to also comply with the Accounting Standards, or require those parishes categorised as medium or large to maintain two sets of accounts.

Some particular examples of the difficulty in applying the Accounting Standards follow:

- (a) Currently parishes in our Diocese are required to account on a cash basis. If the BRC category did not apply, those parishes which are categorised as medium or large charities would be required to account on an accrual basis to comply with accounting standards. A similar point could be made with respect to the increased burden on churches in having to produce “special purpose” (and in some cases “general purpose”) financial statements in full compliance with accounting standards
  
- (b) Parishes would be required to obtain valuations for all of the real property on their balance sheets. This would be an expensive and complex exercise. Furthermore the heritage nature and special purpose zoning of many church properties mean it is difficult to obtain a reliable measurement of ‘fair value’. At the present time, a parish would typically only need to seek a valuation of its real property if it was intending to sell or mortgage the property.

(c) Almost all assets of parishes are held on charitable trusts by a corporate trustee. The Accounting Standards would require the real property of a parish to be recorded on the balance sheet of the corporate trustee. Presently they are recorded in the balance sheet of the parish since the corporate trustee acts as a 'bare' trustee and the properties are variously held on trust for the purposes of the parish. The offertory income of a parish is also held on trust, usually by the wardens of the particular parish. The Accounting Standards may well require this income to also be accounted for separately to the parish itself. This would mean that the financial statements of the parish would give the misleading impression that it had no income, expenditure, assets or liabilities.

There may be hundreds of BRCs within a denominational structure (as our own example demonstrates). It is not apparent that anyone, other than the members or other stakeholders of the institution or the trust property, has an interest in the financial information, or the capacity to properly understand its nature and relevance.

To require financial reporting and compliance with the Accounting Standards, would involve much cost and effort on the part of local churches (many of which have volunteer treasurers) with little to no apparent community benefit.

(ii) Mutuality

The vast majority of Basic Religious Charities operate similarly (though also differently) to mutuals in that financial support is provided by a known supporter base (or members) who share a common purpose. It is unusual for BRCs to make fundraising appeals to the general public. BRCs also differ from mutuals, in that their activities and services are not carried on only for the benefit of members. Indeed for many BRCs, community service is a large part



of what they do and an expression of their religious purpose.

Where an entity is not a mutual principally supported by its members, and instead engages in significant fund-raising from the general public, it is appropriate that there be a higher level of public accountability. This principle is reflected in the disqualification criteria for BRCs that are endorsed as DGRs (or operate DGR funds with total revenue of \$250,000 or more in a financial year) or which receive more than \$100,000 in government grants in a year or either of the previous two years.

(iii) Freedom of religion

The responsible entities of religious institutions are appointed or elected by stakeholders, not only on the basis of skills and experience relevant to the operations of the institution, but usually also on the basis of having provided a statement of faith and support for the values and ethos of the institution, as well as having a demonstrated suitability in this regard.

The ACNC Act does not empower the ACNC Commissioner to remove and appoint the responsible entities of BRCs. This limitation recognises that the ACNC is not equipped to make judgments about the suitability of persons as responsible entities for BRCs.

There is potential for the ACNC Governance Standards to interfere with freedom of religion, were they to apply to BRCs. At present the five standards are relatively general, but that may change. For example, the ACNC has stated that it is working to re-map its Governance Standards to the Australian Council for International Development (ACFID) Code of Conduct and has indicated that compliance with the ACFID Code will also meet the Governance Standards. Some of these ACFID standards go beyond the requirements of Australian law, especially in the area of human rights and

non-discrimination. There are examples of religious institutions withdrawing from ACFID because the non-discrimination requirements of the ACFID Code impinge upon their capacity to partner with local churches in disadvantaged communities overseas.

Furthermore, denominational churches are already subject a legislative regime in relation to church trust property and have formal parliamentary bodies. The entities of the diocese report and are accountable to this parliamentary body (in our case, the Synod). The Synod can also make legislation for the 'order and good government' of the church within the diocese, which are legally binding on church bodies and members in so far as they relate to church trust property.

b. Accountability

The ACNC Act provides an appropriate level of accountability for charities that are BRCs.

BRCs continue to provide annual information statements and update their details on the ACNC register (including in relation to their governing rules and responsible entities). This provides a high level of transparency into the activities and affairs of these institutions.

The ACNC Act provides for a BRC to voluntarily submit financial reports. This gives a BRC flexibility to provide additional information on the ACNC Register should it wish to do so.

It should also be noted that BRCs are subject to the ACNC Commissioner's enforcement powers in Part 4-2 of the ACNC Act in the same manner as any other charity (except the Commissioner's power to remove the responsible entities of a BRC). The Commissioner can still hold a BRC accountable by

investigating and taking enforcement action if the Commissioner is concerned that the BRC may be in contravention of the legislation.

c. The disqualifying criteria for BRC status

Subject to one exception, we consider that the disqualifying criteria for BRC status to be proportionate and appropriate.

The exception is the requirement that a BRC not be a body corporate registered under the Corporations Act 2001 or incorporated under State or Territory incorporated associations' legislation.

We recommend that this disqualifying criterion be removed. We have not been able to ascertain the original rationale for this disqualifying criterion, other than perhaps that since these incorporated religious institutions were already subject to a statutory regime for financial reporting and governance standards, it was seen fit that they should continue under an analogous regime under the ACNC Act.

It is apparent that there are BRCs and non-BRCs which are very similar in purpose, governance, activities and size, and which materially differ only in that one is incorporated and the other is not. We consider that religious purpose charities should not be disqualified from being a BRC by reason only that they are incorporated.

*Recommendation:* Remove the disqualifying criterion in section 205.35(2) of the ACNC Act which requires that a charity not be registered under the *Corporations Act 2001* or incorporated under State or Territory incorporated associations'

**Extract 4: From submission of the Australian Catholic Bishops Conference to the Review of Australian Charities and Not-for-profits Commission Legislation. Dated 7 March 2018.**

### Basic Religious Charity status

The ACBC supports retaining the current definition of Basic Religious Charities (BRCs) (Section 205-35). BRC status has been very effective in keeping to a minimum the time and resources involved in regulatory compliance for unincorporated Church entities. For many of these entities, attention to accounting and regulatory compliance is handled by volunteers. In this regard, BRC status is consistent with the ACNC's Object to cut red tape as enunciated in Section 15-5(1)(c): "to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector".

BRC status works and we are not aware of any reason that would warrant changing the classification.

Losing BRC status would result in many parishes which are currently able to rely on volunteers being required to seek professional advice, which could come at a cost disproportionate to the size of their annual revenue.

Further, the ACBC believes that BRCs should be made available to other religious groups which have been denied access to this provision solely because they are an incorporated body within the meaning of Section 205-35 (2).

Some basic religious charities operate interstate through non-Corporations Act bodies corporate, but have Australian Registered Body Numbers (ARBNs), especially if they own real estate in more than one jurisdiction. The ACNC interpreted this to mean they were Corporations Act registered entities, so, although they were eligible as BRCs on all other grounds, the ARBN excluded them from BRC status. This is an unintended consequence of the definition and should be specifically excluded from the factors disqualifying a charity, which otherwise has the sole purpose of advancing religion. The fact that an entity is registered with the Australian Securities and Investments Commission (ASIC) as an ARBN should not disentitle a charity to BRC status.

The receipt of any government grants removes the BRC status, which results in additional

costs for auditing. This impacts on small parishes with heritage buildings. Clarity over the difference between a religious order and a Catholic parish is needed.

BRCs are limited to grants of \$100,000 when branching is not taken into consideration by the ACNC. Also the BRC threshold should be raised to \$250,000, the same as the deductible gift recipient (DGR).

The ACBC wishes to acknowledge that bulk lodgement of the Annual Information Statement (AIS) has proved very useful for parishes and a big time-saver. It is considered essential by many Catholic entities for BRCs with multiple entities managed by the one administrative function.

#### The case for extending BRC status to other unincorporated entities

Some submissions to the Review may call for the abolition of the BRC status. This would be a backward step having regard to the success of the current arrangements in reducing red tape for small unincorporated charities.

There is some force in the argument put by critics of the BRC concept that a similar exemption is not available to like bodies with other charitable purposes. The ACNC Review could sensibly consider extension of the BRC concept to unincorporated charities without DGR status and not in receipt of government grants.

Critics of the BRC concept have put no cogent argument against the extension of the BRC concept to unincorporated charities with charitable purposes other than religious purposes.

Indeed, the extension of BRC status to a wide range of unincorporated charities would free up resources within the ACNC's Budget to target more directly its legislative responsibilities in relation to large charities and those with DGR status.

**Extract 5: Extract from supplementary submission of the Australian Catholic Bishops Conference to the Review of Australian Charities and Not-for-profits Commission legislation. Dated 9<sup>th</sup> April 2018.**

1. Background

The Australian Catholic Bishops Conference (ACBC) supports retention of the concept of a Basic Religious Charity and stated its support in its formal submission to the Legislation Review.

With the opportunity to peruse a number of submissions to the Legislation Review, this additional submission provides supplementary material on the technical considerations underpinning the case for retaining the current arrangements for BRCs.

We note that the ACNC's Advisory Board, ACNC and several churches saw no need for change in the current BRC arrangements. However, other commentators have put the case for change in the exemptions for BRCs without, perhaps, a full appreciation of the underlying policy and technical and legal issues involved. This supplementary submission elaborates these issues.

In her submission, Professor Ann O'Connell noted that the clauses in the ACNC Act relating to BRCs were only added after the tabling of the first draft of the bill in 2012. The ACBC understands that the redrafting was necessary to avoid constitutional difficulties exposed in the first draft of the bill. Specifically, the exercise of any powers of the ACNC to replace and appoint responsible persons in religious entities or to direct religious bodies to alter governance rules and structures could have been subject to constitutional challenge. In the design of the BRC arrangements the Government of the day also took the sensible decision to exempt Basic Religious Charities from onerous and unprecedented annual reporting.

The BRC exemption is an umbrella term encompassing three elements:

- Removal of the Commissioner's powers to replace and appoint responsible persons in BRCs
- Removal of BRCs from the requirement to adhere to governance standards set by

the ACNC

- Exemptions from annual financial reporting

Each of these elements is examined in turn.

...

#### 4. Exemptions Related to Annual Financial Reporting

Section 60-60 of the ACNC Act contains the clauses relating the exemption for BRCs from providing annual financial reports to the ACNC in these terms:

60-60 Basic religious charities

(1) This Subdivision does not apply to a basic religious charity, or to any report relating to a basic religious charity.

(2) However, this Subdivision applies to a basic religious charity in relation to a financial year, and to any report for the year relating to the charity, if the charity gives the Commissioner a financial report for the year.

Clause 60-60(1) removes the obligation upon BRCs to provide an annual financial report while Clause 60-60(2) indicates that if a BRC voluntarily provides an annual financial report to the ACNC, the reporting standards set down by the ACNC need to be followed.

Removal of this element of the BRC exemptions is the area in which the costs for parishes in terms of volunteer time and/or additional professional services are likely to be disproportionate to the benefits envisioned from greater transparency.

The arguments were stated in the ACBC's original submission to the legislation review as follows:

The ACBC supports retaining the current definition of Basic Religious Charities (BRCs) (Section 205-35). BRC status has been very effective in keeping to a minimum the time and resources involved in regulatory compliance for unincorporated Church entities. For many of these entities, attention to accounting and regulatory compliance is handled by volunteers. In this regard, BRC status is consistent with the

ACNC's Object to cut red tape as enunciated in Section 15-5(1)(c): "to promote the reduction of unnecessary regulatory obligations on the Australian not-for-profit sector".

Losing BRC status would result in many parishes which are currently able to rely on volunteers being required to seek professional advice, which could come at a cost disproportionate to the size of their annual revenue.

The ACBC wishes to acknowledge that bulk lodgement of the Annual Information Statement (AIS) has proved very useful for parishes and a big time-saver. It is considered essential by many Catholic entities for BRCs with multiple entities managed by the one administrative function.

In considering the impact of a change to the BRC reporting arrangements the ACBC representatives have consulted with Catholic Religious Australia.

These comments in reply are pertinent:

The information which might be required to be produced (including its type and detail) if the BRC status is abolished is a substantial issue. If basic religious charities are to lose their exemption from reporting then the appropriateness of applying all accounting standards must be critically examined. There are some accounting standards which cause significant reporting costs and the information serves no purpose other than being able to comply with accounting standards. The value added needs to be critiqued particularly given recent media attention to the value of Church assets which cannot be put to an alternate use (e.g.: St Patrick's Cathedral which is more than likely heritage listed so its value in exchange may very well be severely impacted). The asset revaluation standard is one in particular and it appears that the leasing standard may become another. Not all charities are the same and not all charities are the same size. If the BRC status is lost then a classification of charities is required. As an example, the ASX classifies by size and by industry. The same is true of charities and especially so



when Standard Chart of Accounts is discussed. Amongst many challenges, an example would be the coding of the costs of living for religious.

It needs to be appreciated that this change would not just involve an increase in reporting thresholds. Many organisations have chosen their current governance structures, often across multiple entities, based on these classifications. These would require detailed review to ensure that any future structures, asset holdings and related arrangements are both fit for purpose and meet legislative standards.

The ACBC has seen no argument in submissions to the Legislation Review to indicate that the benefits for either the regulator or society in general would justify the removal of the reporting exemption for Basic Religious Charities.

On the contrary, the experience of Catholic parishes with savings on annual financial reporting suggests that the Legislation Review could usefully examine how far such an exemption from annual reporting could be extended to charities other than Basic Religious Charities.<sup>1</sup>

In addition, the ACBC recommended that the Legislation Review give consideration to raising the threshold below which a charity would be classified as small to \$1,000,000. In the experience of the Catholic Church, there is little to distinguish small and medium-size charities in practice as per the application of current thresholds.

<sup>1</sup> The argument here relates to annual financial reporting, but not to an extension of the exemption BRCs have in relation to governance standards and the ACNC's powers to suspend, remove and appoint responsible persons. Some submissions (e.g. ACOSS) have pointed out that misconduct can occur equally in small as well as large charities).

## 5. Criteria for Determining a Basic Religious Charity

Section 205-35 of the ACNC Act outlines the criteria that a charity needs to meet to be eligible to be treated as a Basic Religious Charity:

## 205-35 Basic religious charity

(1) An entity is a basic religious charity if:

- (a) the entity is a registered entity; and
- (b) the entity is registered as the subtype of entity mentioned in column 2 of item 4 of the table in subsection 25-5(5) (Entity with a purpose of advancing religion); and
- (c) the entity is not entitled to be registered as any other subtype of entity.

(2) However, an entity is not a basic religious charity if:

- (a) the entity is a body corporate that is registered under the Corporations Act 2001; or
- (b) the entity is a corporation registered under the Corporations (Aboriginal and Torres Strait Islander) Act 2006; or
- (c) the entity is a corporation registered under the Companies Act 1985 of Norfolk Island; or
- (d) the entity is incorporated under any of the following:
  - (i) the Associations Incorporation Act 2009 of New South Wales;
  - (ii) the Associations Incorporation Act 1981 of Victoria;
  - (iii) the Associations Incorporation Act 1981 of Queensland;
  - (iv) the Associations Incorporation Act 1987 of Western Australia;
  - (v) the Associations Incorporation Act 1985 of South Australia;
  - (vi) the Associations Incorporation Act 1964 of Tasmania;
  - (vii) the Associations Incorporation Act 1991 of the Australian Capital Territory;
  - (viii) the Associations Act 2010 of the Northern Territory;
  - (ix) the Associations Incorporation Act 2005 of Norfolk Island.

(3) An entity is also not a basic religious charity if it is a deductible gift recipient. (3A)

Subsection (3) does not apply at a time in a financial year if:

- (a) paragraph 30-227(2)(a) of the Income Tax Assessment Act 1997 does not apply to the entity at any time in the financial year; and

Note: Paragraph 30-227(2) (a) of the Income Tax Assessment Act 1997 applies to funds, authorities or institutions endorsed as deductible gift recipients or mentioned by name in the table in section 30-15 or Subdivision 30-B.

- (b) the entity is endorsed under Subdivision 30-BA of that Act as a deductible gift recipient for the operation of one or more funds, authorities or institutions at any time in the financial year; and
- (c) the total revenue of the entity for the financial year in relation to the operation of the funds, authorities or institutions is less than \$250,000 or any greater amount prescribed by the regulations for the purposes of subsection 205-25(1).

(4) An entity is also not a basic religious charity at a time in a financial year if the Commissioner has allowed it (together with one or more other entities) to form part of a reporting group for the year under section 60-95.

(5) An entity is also not a basic religious charity at a time if:

- (a) the total of the grants (however described) (if any) it receives from Australian government agencies in a financial year exceeds \$100,000; and
- (b) the financial year is:
  - (i) the financial year in which the time occurs; or
  - (ii) either of the previous 2 financial years.

The ACBC recommends that any redrafting of this section of the Act be kept to a minimum. However, in light of submissions made to the Legislation Review, we note here that the ACBC would have no difficulty with:

- removal of CI 205-35 (2) as several commentators have noted that some religions are incorporated and that legal structure should not of itself rule out eligibility for Basic Religious Charity status;
- removal of CI 205-35 (5) relating to receipt of government grants. In practice, there is a negligible number of Basic Religious Charities in receipt of government grants. Where

government grants are directed to Catholic charities, the organisations deliver health, education and other social services and are therefore not currently classified as BRCs.

## 6. Community Expectations

The ACBC concurs with a comment by Justice Connect in its submission to the Legislation Review that:

Community expectations concerning the level of transparency and accountability that religious organisations should adhere to and be subject to, has likely changed over the last 5 years.

It is reasonable to expect religious organisations to abide by community standards in areas of building standards, occupational health and safety, professional standards relating to care of children and vulnerable members of the general community. Community standards have undoubtedly risen in these aspects of community life.

The Catholic Church in Australia is proceeding apace to strengthen the application of professional standards right across all Church entities. The creation and maintenance of safe environments and behaviours is of paramount importance. Other churches and religions are pursuing a similar course of action. Governments are refining and developing regulatory frameworks to ensure that church organisations and other charities working with children reflect community expectations. In most areas of regulation in which community standards apply across the board, State or national governments have established specific regulators and regulatory frameworks. The Charity Register developed by the ACNC can assist these regulators to understand the charitable sector. Rising community expectations are not themselves an argument for dismantling the Basic Religious Charity exemptions which have worked effectively over the first five years of the operation of the ACNC.

## 7. Concluding Comment

Many churches hold the view that the BRC exemptions have been successful in keeping red tape to a minimum for religious entities. In its submission to the Legislation Review, the Uniting Church in Australia Assembly expressed the issue in terms that many churches and religious could identify with:

Basic Religious Charities provide the opportunity for people of faith and goodwill to operate together in a simple but effectively governed way that finds the balance between red tape and religious freedom of action.

As a result, the Uniting Church in Australia and its many members particularly value the support of the Commission for Basic Religious Charities and we are taking the opportunity to restate our support for these and for the approach the Commission has taken to date.

Any changes to these bodies could have dire impacts on the life of the Church in Australia and the freedom of many religious communities to give expression to the call of the Gospel and would not be supported by the Uniting Church.

In conclusion, the ACBC holds the view that the BRC exemption should be retained and hopes that the additional material presented in this supplementary submission assists the Review Panel in formulating its recommendations and report.

**APPENDIX 2: FINANCIAL INFORMATION REPORTED IN AN ANNUAL INFORMATION STATEMENT**

**Figure A1.1: Financial Information Included in the Annual Information Statement of a small charity that is neither a BRC nor an Ancillary Fund\***

<b>Income Statement</b>		
a	Revenue from government, including grants	\$X
b	Donations and bequests	\$X
c	Revenue from providing goods or services	\$X
d	Revenue from investments	\$X
e	Other revenue	\$X
f	Total revenue (a+b+c+d+e)	\$X
g	Other income (e.g. gains)	\$X
h	Total income (f+g)	\$X
<b>Expenses/Payments</b>		
i	Employee expenses	\$X
k	Grants and donations made for use in Australia	\$X
l	Grants and donations made for use outside Australia	\$X
m	Other expenses	\$X
n	Total expenses (i+k+l+m)	\$X
o	Net surplus/deficit (h-n)	\$X
<b>Balance Sheet</b>		
v	Total assets	\$X
aa	Total liabilities	\$X
ab	Net assets/liabilities (v-aa)	\$X

**Figure A1.2: Financial Information Included in the Annual Information Statement of a medium or large charity that is neither a BRC nor an Ancillary Fund\***

<b>Income Statement</b>		
a	Revenue from government, including grants	\$X
b	Donations and bequests	\$X
c	Revenue from providing goods or services	\$X
d	Revenue from investments	\$X
e	Other revenue	\$X
f	Total revenue (a+b+c+d+e)	\$X
g	Other income (e.g. gains)	\$X
h	Total income (f+g)	\$X
<b>Expenses/Payments</b>		
i	Employee expenses	\$X
k	Grants and donations made for use in Australia	\$X
l	Grants and donations made for use outside Australia	\$X
m	Other expenses	\$X
n	Total expenses (i+k+l+m)	\$X
o	Net surplus/deficit (h-n)	\$X
p	Other Comprehensive Income (if applicable)	\$X
q	Total Comprehensive Income (o+p)	\$X
<b>Balance Sheet</b>		
r	Total current assets	\$X
s	Non-current loans receivable (large charities only)	\$X
t	Other non-current assets (large charities only)	\$X
u	Total non-current assets (s+t)	\$X
v	Total assets (r+u)	\$X
<b>Liabilities</b>		
w	Total current liabilities	\$X
x	Non-current loans payable (large charities only)	\$X
y	Other non-current liabilities (large charities only)	\$X
z	Total non-current liabilities (x+y)	\$X
aa	Total liabilities (w+z)	\$X
ab	Net assets/liabilities (v-aa)	\$X

\*Ancillary Funds are required to include additional information about the nature of donations received.

## APPENDIX 3: CIRCULAR TO PARISHES IN THE ANGLICAN DIOCESE OF SYDNEY

[https://www.sds.asn.au/sites/default/files/Circular%202020%20PFS%20final.pdf?doc\\_id=NDcxNjM](https://www.sds.asn.au/sites/default/files/Circular%202020%20PFS%20final.pdf?doc_id=NDcxNjM)= <accessed November 20 2022>)

### Prescribed Financial Statements for 2020

DATE: 2/12/2020

ATTENTION: Wardens and Treasurers

SDS CONTACT: **Martin Thearle, Manager, Diocesan Finance**

9265 1682 | [mrt@sydney.anglican.asn.au](mailto:mrt@sydney.anglican.asn.au)

#### Key points

1. This Circular contains links to the format of the Prescribed Financial Statements (PFS) for 2020, together with links to each of the components of the required Financial Reporting packages for –
  - 1.1. parishes submitting financial statements in the format of the PFS, and
  - 1.2. parishes submitting financial statements in a different format.
2. The Financial Reporting package required from parishes that do not use the PFS includes a declaration by the wardens of the parish's Net Operating Receipts, which is to be supported by a statement from the auditor.
3. Again this year the wardens are also required to complete a Property Income Worksheet which is to be reviewed by the auditor and submitted as part of the Financial Reporting package.
4. Information to assist parishes differentiate between whether something is an irregular or infrequent 'ministry event', or a normal 'ministry activity', has been added to the relevant lines in the PFS, the Explanatory Notes and the wardens' declaration of Net Operating Receipts.

#### Action item

The Wardens are to forward copies of their Financial Statements, Financial Reports package (including Auditor's Report), Property Income Worksheet and Statement of Insurance Policies no later than 7 days after their AGM.

#### Financial Statements

**The format of the Prescribed Financial Statements (PFS) for 2020 approved recently by the Finance Committee is largely unchanged from what was required for 2019. However, new item numbers have been added in the Statement of Comprehensive Income to record the amount of –**

- **COVID-19 financial support received (4-2100 and 4-2200),**
- **any JobKeeper Top up payments made (6-1130 and 6-3650), and**
- **any Property Receipts Levy payable in the budget for 2021 (6-1993).**



The actual PFS documents are available using the links below and a copy of this Circular is available on the [SDS website](#).

Parishes are required to prepare their audited annual Financial Statements for 2020 EITHER –

- (a) In the format prescribed by the Finance Committee (PFS). (Parishes using the latest version of the Sydney Anglican Parish Accounting System (SAPAS) for Xero can submit reports produced by that system even though the item numbers for some line items differ from those in the PFS.) OR
- (b) In a different format designed to suit local requirements, provided that in this case the local format must give at least the same level of information as the prescribed format, and the wardens must also provide a Declaration of Parish Net Operating Receipts in the prescribed format, supported by an appropriate paragraph in the auditor's report.

Wardens must prepare the Financial Statements and associated Reports and Declarations for presentation to the Annual General Meeting of Parishioners (AGM) to be held in February or March 2021. All these documents must then be forwarded to the Diocesan Secretary within 7 days of the AGM.

**The *Property Receipts Levy Ordinance 2018* requires the wardens to complete a Property Income Worksheet (PIW) each year.** The PIW is to be reviewed by the auditor and a copy then forwarded to the Diocesan Secretary together with the parish's annual financial statements, within 7 days of the parish's AGM. Although the actual calculation is unchanged, the Standing Committee has prescribed a new form of PIW to be used for 2020.

### Financial Reporting package – PFS format

**Parishes reporting in the PFS format (and parishes using SAPAS) should submit –**

- a) **Prescribed Financial Statements** (either [Excel](#) or [PDF](#) format) or a level 3 Profit and Loss account and Balance Sheet from SAPAS (including prior year comparatives and budget for the following year)
- b) **Financial Reports package** which is incorporated in the PFS and includes –
  - i. Wardens' and Treasurer's Report,
  - ii. Wardens' Declaration in relation to the Australian Charities and Not-for-profits Commission (ACNC),
  - iii. Independent Assurance Practitioner's Review Report (Auditor's Report),
- c) [Property Income Worksheet](#) (audited) and
- d) [Statement of Insurance Policies](#)

### Financial Reporting package – different format

**Parishes choosing to report in a format different to the PFS must submit –**

- a) **Financial Statements** providing at least the same level of information as the PFS

(including prior year comparatives and budget for the following year).

The Financial Statements must include –

- i. Statement of Comprehensive Income
- ii. Statement of Financial Position,
- iii. Statement of Changes in Funds (where applicable), and
- iv. Notes to the Financial Statements

b) Financial Reports package which includes –

- i. Wardens' and Treasurer's Report,
- ii. Wardens Declaration in relation to ACNC,
- iii. Wardens' Declaration of Parish Net Operating Receipts in the prescribed format, and
- iv. Independent Assurance Practitioner's Review Report (Auditor's Report) which incorporates a statement of satisfaction with the Declaration of Parish Net Operating Receipts,

c) Property Income Worksheet (audited), and

d) Statement of Insurance Policies

**All parishes should refer to the following additional resources where applicable –**

- [Explanatory Notes](#) to the 2020 PFS.
- Building Insurance valuation summary. Information is available on the [Parish Portal](#) (under Your Parish Documents tab) that will provide the basis for the amounts to be shown for buildings and contents in your parish's 2020 Financial Statements.
- ACPT Client Fund statements. Use the 'market value' from the December 2020 statement available on the [Parish Portal](#) (under Your Parish Documents tab) as the amount to be shown for any ACPT Client Fund in your 2020 Financial Statements.

## Timing

**Within 7 days of the AGM** of parishioners (which must be held between 1 February 2021 and 31 March 2021) the wardens are required to forward to the Diocesan Secretary a copy of the –

- Financial Statements,
- Financial Reports package (comprising the Wardens' and Treasurer's Report, Wardens' Declaration(s) and Independent Assurance Practitioner's Review Report),
- Property Income Worksheet (audited), and
- the Statement of the Insurance Policies.

Parishes are encouraged to submit all this information by email to –

[parish.services@sydney.anglican.asn.au](mailto:parish.services@sydney.anglican.asn.au)

**MARTIN THEARLE**

Manager, Diocesan Finance

## APPENDIX 4: EXTRACT FROM FORMAT FOR PRESCRIBED FINANCIAL STATEMENTS REQUIRED FOR PARISHES IN THE ANGLICAN DIOCESE OF SYDNEY

([https://www.sds.asn.au/sites/default/files/PFS%202020%20final%20pdf.pdf?doc\\_id=NDcxNTk](https://www.sds.asn.au/sites/default/files/PFS%202020%20final%20pdf.pdf?doc_id=NDcxNTk) <accessed November 20 2022>)

### Anglican Church - Diocese of Sydney

Parish	<i>parish name</i>
ABN	<i>ABN</i>
Church	<i>church name</i>

Financial Statements for the year ended 31 December 2020

### STATEMENT OF COMPREHENSIVE INCOME

			ACTUAL 2019	ACTUAL 2020	BUDGET 2021	
REVENUE	PRL	NOR	Item No.	\$	\$	\$
						(not audited)
<b>REVENUE</b>						
<b>Offertories &amp; Donations</b>						
Congregation offerings				4-1000		
Donations for the parish (excluding donations for buildings)				4-1100		
Exempt gifts specifically designated for buildings #			E	4-1200		
Other gifts for buildings (eg. maintenance)				4-1300		
Gifts for other restricted funds (eg. organ, technology)				4-1400		
<b>COVID-19 financial support</b>				4-1500		
Cash Flow Boost				4-2000		
Job/Keep per payments				4-2100		
<b>Grants</b>				4-2200		
Anglicare			E	4-4000		
Regional Council			E	4-4100		
Other Diocesan organisations			E	4-4200		
Commonwealth or State Government agencies			E	4-4300		
Local Government agencies			E	4-4400		
<b>Property Income</b>				4-4500		
Lease rental from property not subject to ordinance, not a place of worship & not a ministry residence			13	4-3000		
Lease rental from property subject to an ordinance applying a portion outside the parish			18	4-3100		
Lease rental from a former place of public worship			11	4-3120		
Lease rental from ministry residences			12	4-3130		
Licence fees			14	4-3150		
Casual booking fees			15	4-3200		
<b>Finance Income</b>				4-3300		
Bank Interest			16	4-5000		
Investment Income				4-5100		
ACPT Client Fund Income (interest/distribution)				4-5200		
<b>Income from trading activities</b>				4-5300		
Ministry Events - gross receipts from each such irregular or infrequent event (see Explanatory Notes for definition)			Ei	4-7000		
Fundraising Events - gross receipts			Ei	4-7100		
Parish Ministry activities - gross receipts from all other ministry activities (see Explanatory Notes for definition)				4-7200		
<b>Other Income</b>				4-7300		
Insurance claims received			E	4-6000		
Sundry receipts				4-6100		
LSL received (just the notional stipend portion)			E	4-6600		
Parental Leave Pay (from Centrelink)			E	4-6830		
<b>Receipts from within the Parish</b>				4-6xxx		
from other Churches or Funds				4-8000		
				4-8100		
<b>TOTAL REVENUE</b>						

The statement of comprehensive income is to be read in conjunction with the attached notes.

- # This account is only to be used for any gift received which is specifically designated for the purpose of-
- (i) the purchase of land,
  - (ii) the purchase, construction or renovation of buildings, fixtures or fittings situated on church trust property held for the purposes of the parish, or
  - (iii) the reduction of debt undertaken for the purposes of (i) or (ii).

The calculation of 'Net Operating Receipts' is defined in the Cost Recoveries Framework Ordinance 2008  
Total revenue (see above)

less exclusions (the 12 line items marked with an "E", 10 in Revenue & 2 in Expense)

less conditional exclusions (the 6 Revenue items marked "Ei" and the 8 Expense items marked "Ee")

- **each leased property**: Lease income (4-3100, 4-3120 & 4-3130)  
less direct Expenses (6-7020, 6-7100, 6-7200, 6-7300, 6-7400 & 6-7500)
- **residential leased property**: Lease income (4-3150)  
less Housing benefit provided to ministry staff (6-1155)
- **each Ministry event**: Ministry event income (4-7100)  
less Ministry event expenses (6-8100)
- **each Fundraising event**: Fundraising event income (4-7200)  
less Fundraising event expenses (6-8200)

less deductions (the 2 line items marked with an "D" in Expenses - see below)

= 'Net Operating Receipts' (used to calculate variable PCR charge & Church Land Acquisition levy)

Income      Expense

= \_\_\_\_\_  
= \_\_\_\_\_

Anglican Church - Diocese of Sydney

Parish	<i>parish name</i>
ABN	<i>ABN</i>
Church	<i>church name</i>

Financial Statements for the year ended 31 December 2020

**STATEMENT OF COMPREHENSIVE INCOME (continued)**

			ACTUAL	ACTUAL	BUDGET	
	PRL	NOR	Item No.	2019	2020	2021
				\$	\$	\$
<b>EXPENSES</b>						(not audited)
<b>Ministry Staffing</b>						
Stipends & Salaries (taxable portion)			6-1000			
JobKeeper-Topup			6-1100			
Staff Allowances & MEA entitlements other than housing benefit shown in item 6-1155		E	6-1130			
Mortgage repayments, lease payments or housing benefit provided to ministry staff unable to live in a parish-owned ministry residence			6-1150			
Ministry on-costs <i>including superannuation</i> (part of PCR charge)		E2	Ee	6-1155		
Superannuation for Lay staff			6-1170			
Professional (ministry) development expenses			6-1200			
<b>Parochial Network Costs</b> <i>including insurance</i> (part of PCR charge)			6-1300			
<b>Property Receipts Levy</b>			6-1990			
<b>Church Land Acquisition Levy</b>			6-1993			
<b>Resources for Ministry</b>			6-1995			
Ministry			6-2000			
Church services			6-2100			
<b>Parish Donations</b>			6-2200			
To Christian organisations outside the parish from general parish funds		D	6-2300			
To another Parish from general parish funds		D	6-2310			
Gifts & Testimonials			6-2330			
Hospitality			6-2340			
Poor Relief			6-2350			
<b>Parish Administration</b>			6-2360			
Office Expenses			6-3000			
Salaries and superannuation of administrative staff			6-3100			
JobKeeper-Topup		E	6-3600			
Consumables			6-3650			
Professional Services			6-4000			
Advertising			6-5000			
<b>Expenses re Parish Property (&amp; MV) used for Ministry</b>			6-5700			
Utilities (council rates, electricity, gas, water, etc)			6-6000			
Repairs & Maintenance			6-6100			
Improvement Projects (small amounts not capitalised)			6-6200			
Interest Paid			6-6300			
Lease/Rent paid for Assistant Minister(s) residence			6-6400			
Motor Vehicle expenses		E4	6-6500			
Expenses of property generating income from licence fees			6-6600			
Lease/rent payments for a place of public worship		E1	6-6700			
<b>Expenses re Parish Property Leased for Income</b>			6-6800			
Expenses of property subject to ordinance applying some portion of the income for non-parish purposes		E8	Ee	6-7000		
Utilities (council rates, electricity, gas, water, etc)		E3	Ee	6-7100		
Repairs & Maintenance		E3	Ee	6-7200		
Improvement Projects (small amounts not capitalised)		E3	Ee	6-7300		
Agency Management Fees		E3	Ee	6-7400		
Interest payments on loans relating to property generating lease or licence income		E5		6-7500		
<b>Expenses related to trading/ministry activities</b>			6-8000			
Ministry Events - supplies		Ee	6-8100			
Fundraising Event - supplies		Ee	6-8200			
Parish Ministry activities			6-8300			
<b>Other Expenses</b>			6-8800			
<b>Payments within the Parish</b>			6-8900			
to other Churches or Funds			6-8910			
<b>TOTAL EXPENSES</b>						
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>						
<b>Other comprehensive income</b>						
Net change in fair value of investments	moveme		3-2100			
Revaluation of land and buildings	moveme		3-3100			
Net change in employee liabilities (if not expensed)	moveme		2-1200			
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>						

The statement of comprehensive income is to be read in conjunction with the attached notes.

## APPENDIX 5: EXTRACT FROM ANNUAL FINANCIAL RETURN TEMPLATE: UNITING CHURCH IN AUSTRALIA SYNOD OF NSW AND ACT CANBERRA

<https://nswact.uca.org.au/shared-resources/finance/annual-financial-returns-afr/> <ACCESSED November 20 2020>

### Annual Financial Return (AFR) 2020

For the year ended 30 June 2020

Congregation name:.....

Presbytery name:.....

#### Due by:

Unaudited – 31 August 2020

Audited – 31 October 2020

### Table of Contents

1. Congregation's Details
2. Church Council Key Personnel Details
3. Finance Details
4. Finance Checklist
5. Auditor's Declaration
6. Assistance & Submission of Forms
7. Income & Expenses (Income)
7. Income & Expenses (Expenses)
8. Balance Sheet (Assets)
8. Balance Sheet (Liabilities)
8. Balance Sheet (Equity)
9. Definitions

### 3. Finance Details

Uniting Resources would like to gain a greater understanding of the challenges facing Treasurers at our Presbyteries and Congregations.

Please answer as accurately as possible to enable us to address the areas of concern and allow us to provide more assistance to our Treasurers.

Are the financials prepared on a cash or accruals basis?

Name of accounting software used

Software version

How is the bank reconciliation performed?

Approximately, how many transactions go through the bank each month?

How long does it take to complete this reconciliation?

Do you have any other concerns with the financial day-to-day running of the church?

e.g. bank reconciliations, accounting system, finance support, time constraints, etc

## 5. Auditor's Declaration

### **Internally Appointed Auditor**

This only applies to small Congregations which have an annual gross income of less than \$150,000 for 2019/20 financial year. If you satisfy the above condition and are eligible for Variations to Qualifications under UCA regulation 3.8.7 (e), please have two independent, fit and proper persons appointed by the Church Council sign the following declaration:

I have examined the books and records of the Congregation for the financial year ending 30 June 2020 and report that in my opinion the statements of receipts and payments, assets and liabilities for that year accurately present the value of monies received and expended.

Signature: 1st Appointed Person

Signature: 2nd Appointed Person

Date:     /     /

Date:     /     /

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Name: 1st Appointed Person

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Name: 2nd Appointed Person

### **Externally Appointed Auditor**

This applies to large Congregations which have an annual gross income of more than \$150,000 for 2019/20 financial year and small Congregations who do not wish to exercise their exemption.

Externally appointed auditors must be registered and possess a current CPA/CA qualification. Please have the external auditor sign below or provide their own audit declaration.

I have examined the books and records of the Congregation for the financial year ending 30 June 2020 and report that in my opinion the statements of receipts and payments, assets and liabilities for that year accurately present the value of monies received and expended.

Signature of External Auditor

Name of External Auditor

Date of Declaration

Accounting Body and Membership Number

Firm Name

Address

Phone

Mobile

Email

## INCOME & EXPENSES

<b>INCOME</b> <b>(WHOLE DOLLARS - GST EXCLUDED)</b>	<b>CODE</b>	<b>2019/20</b> <b>ACTUALS</b>	<b>2020/21</b> <b>BUDGET</b>
General offerings from Congregation attendees (via plate, envelope, electronically)	<b>I1</b>		
Presbytery levies	<b>I2</b>		
Wider Work - Donations received and separately intended for specific causes, e.g. Christmas Bowl, natural disasters	<b>I3</b>		
Income from UCA Organisations (excluding interest), e.g. Synod grants, reimbursement of supply ministry expenses	<b>I4</b>		
Income from non-UCA organisations excluding interest, e.g. donations	<b>I5</b>		
External Grants	<b>I6</b>		
Interest income from Uniting Financial Services (UFS) investments	<b>I7</b>		
Interest income from non-UFS investments	<b>I8</b>		
Property income from all sources, e.g. rent from other properties, hall hire, etc	<b>I9</b>		
Bequest income	<b>I10</b>		
Profit on sale of land and buildings	<b>I11</b>		
Profit on sale of other assets	<b>I12</b>		
Other Income (Sundries), e.g. fundraising, insurance claims, etc	<b>I13</b>		
Government Assistance, e.g. Cash Flow Boost, JobKeeper Scheme Payments	<b>I14</b>		
<b>TOTAL INCOME (Addition of I1 to I14)</b>	<b>TI</b>	<b>\$</b> -	<b>\$</b> -

**INCOME & EXPENSES (Cont'd)**

<b>EXPENSE</b> <b>(WHOLE DOLLARS - GST EXCLUDED)</b>	<b>CODE</b>	<b>2019/20</b> <b>ACTUALS</b>	<b>2020/21</b> <b>BUDGET</b>
Remuneration for Ministers, Deacons, Lay Pastors, Youth Workers' stipends (accredited and non-accredited)	<b>E1</b>		
Lay staff salaries, wages, allowances, honorariums (including FBT expense)	<b>E2</b>		
Consultants / contractors (non-employees)	<b>E3</b>		
Rent paid	<b>E4</b>		
Repairs and maintenance of assets	<b>E5</b>		
Depreciation / provision for asset replacement	<b>E6</b>		
Insurance premium costs	<b>E7</b>		
Utilities (electricity, gas)	<b>E8</b>		
Rates (water, council)	<b>E9</b>		
Presbytery levies or contributions	<b>E10</b>		
Seeds of Growth contributions	<b>E11</b>		
Wider Work – donations paid for specific causes (contra to I3), e.g. Christmas Bowl, natural disasters	<b>E12</b>		
Contributions to UCA organisations, e.g. supply ministry expense, donations	<b>E13</b>		
Contributions to non-UCA organisations, e.g. donations, grants	<b>E14</b>		
Interest expense on borrowings from Uniting Financial Services (UFS)	<b>E15</b>		
Interest expense on borrowings from non-UFS institutions	<b>E16</b>		
Audit & accounting fees	<b>E17</b>		
Office expenses, e.g. office supplies, stationery, postage, etc	<b>E18</b>		



INCOME & EXPENSES (Cont'd)			
EXPENSE (WHOLE DOLLARS - GST EXCLUDED)	CODE	2019/20 ACTUALS	2020/21 BUDGET
Telecommunication expenses, e.g. land lines, mobile phones, internet, fax	E19		
Travel and accommodation	E20		
Motor vehicle expenses	E21		
Lease payments (excluding rental payments)	E22		
Loss on sale of land and buildings	E23		
Loss on sale of other assets	E24		
Other expenses (sundries), e.g. fundraising	E25		
<b>TOTAL EXPENSES (Addition of E1 to E25)</b>	<b>TE</b>	<b>\$ -</b>	<b>\$ -</b>
<b>SURPLUS / (DEFICIT)</b>	<b>T1 - TE</b>	<b>\$ -</b>	<b>\$ -</b>

**COMMENTARY:**

*If applicable, provide explanations for major capital works or abnormal profit/loss for the financial year.*

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## Balance Sheet

<b>ASSETS</b> <b>(WHOLE DOLLARS - GST EXCLUDED)</b>	<b>CODE</b>	<b>2019/20</b>
Operating accounts held with Uniting Financial Services (UFS)	<b>A1</b>	
Investment accounts and sinking funds held with UFS	<b>A2</b>	
Sales proceeds accounts held with UFS	<b>A3</b>	
Bank accounts (all types) with other non-UFS financial institutions	<b>A4</b>	
Minister's Expense Facility (MEF) asset	<b>A5</b>	
Land value of properties (using the latest Valuer-General's valuation)	<b>A6</b>	
Buildings and fixtures (insured value being the replacement cost. Net of depreciation)	<b>A7</b>	
Other assets owned - net of depreciation, e.g. motor vehicles, furniture, office equipment	<b>A8</b>	
Other investments, e.g. shares, bonds	<b>A9</b>	
Debtors - Current (people or organisations who owe you money and is expected to be received <b>within</b> 12 months)	<b>A10</b>	
Debtors – Non-current (people or organisations who owe you money and is expected to be received <b>after</b> 12 months)	<b>A11</b>	
Other assets	<b>A12</b>	
<b>TOTAL ASSETS (Addition of A1 to A12)</b>	<b>TA</b>	<b>\$ -</b>

## Balance Sheet

<b>LIABILITIES</b> <b>(WHOLE DOLLARS - GST EXCLUDED)</b>	<b>CODE</b>	<b>2019/20</b>
Borrowing (loans) from UFS	L1	
Borrowings from all other financial institutions	L2	
Minister's Expense Facility (MEF) liability (contra to A5)	L3	
Provision for lay staff related expenses, e.g. annual leave, long service leave	L4	
Creditors (Trade Creditors)	L5	
Creditors (ATO related, e.g. GST, PAYG)	L6	
Creditors (Super, MBF, MSF)	L7	
Creditors - Non-current (people or organisations you owe money to and expect to pay <b>after</b> 12 months)	L8	
Other liabilities	L9	
<b>TOTAL LIABILITIES (Addition of L1 to L9)</b>	<b>TL</b>	<b>\$ -</b>
<b>NET ASSETS (Total Assets less Total Liabilities)</b>	<b>TA - TL</b>	<b>\$ -</b>

## Balance Sheet

EQUITY (WHOLE DOLLARS - GST EXCLUDED)	CODE	2019/20
Accumulated surplus/(deficit)	Q1	
Current Year Earnings	Q2	-
Asset Revaluation Reserve	Q3	
Other Reserves	Q4	
<b>TOTAL EQUITY (Addition of Q1 to Q4)</b>	<b>TQ</b>	<b>\$ -</b>

### DEFINITIONS

\* Categories are subject to change

INCOME	CODE	DEFINITION
General offerings from Congregation attendees (via plate, envelope, electronically)	I1	This is money collected from members of the Congregation during services either directly into the plate, electronically or via a direct debit system, e.g. Giving Direct.
Presbytery levies	I2	To be completed by Presbyteries only who are collecting levies from their Congregations.
Wider Work - donations received and separately intended for specific causes, e.g. Christmas Bowl, natural disasters	I3	Apart from I1 above, members of the Congregation may give extra donations for a variety of causes, charities, etc.  The money collected here is then paid out to these external organisations. This payment is shown at E12 below.
Income from UCA Organisations (excluding interest), e.g. Synod grants, reimbursement of supply ministry expenses	I4	Congregations may receive financial support from other parts of the Uniting Church such as grants (e.g. Capacity Grants) or as a reimbursement for expenses incurred (e.g. supply ministry). This does not include interest received.
Income from non-UCA organisations excluding interest, e.g. donations	I5	Congregations may receive financial support from non-UCA organisations such as donations. This does not include interest received.
External Grants	I6	Congregations may receive grants from non-UCA organisations from government or private sector.
Interest income from Uniting Financial Services (UFS) investments	I7	Interest accrued and received on deposit accounts (fixed and at call) from Uniting Financial Services.
Interest income from non-UFS investments	I8	Interest accrued and received on deposit accounts (fixed and at call) from non- UFS investments.
Property income from all sources, e.g. rent from properties, hall hire	I9	Rent or any contributions received from tenants or hirers should be recorded here.
Bequest income	I10	All monies received as the result of a bequest.
Profit on sale of land and buildings	I11	A profit (positive) is made where the sales proceeds is greater than the cost of the land / building.
Profit on sale of other assets	I12	A profit (positive) is made where the sales proceeds is greater than the cost of the asset.
Other income (sundries), e.g. fundraising, insurance claims	I13	Covers any income not covered elsewhere within I1 to I12 and I14.
Government Assistance, e.g. Cash Flow Boost, JobKeeper Scheme Payments	I14	Covers government assistance including Cash Flow Boost and JobKeeper Scheme Payments.

## **APPENDIX 6: LUTHERAN CHURCH OF AUSTRALIA - ACCOUNTING AND FINANCE – AUDIT POLICY**

(<https://www.lca.org.au/services-resources-training/policies/> <accessed December 20 2022>)

### **Lutheran Church of Australia**

#### **04.07**

#### **Accounting and finance – Audit Policy**

##### **Purpose**

The purpose of the policy is to define and standardise the audit application across the church.

##### **Relevant to:**

The policy and procedures apply to:

- All ministries and activities of the Lutheran Church of Australia (LCA)

##### **Objectives**

The objectives of this policy are that appropriate auditing processes are used consistently across the church; and that they meet all constitutional and statutory requirements.

##### **Policy Statement**

- All LCA entities have a responsibility to ensure that financial accounts are reviewed or audited in an appropriate manner by personnel with appropriate qualifications.
- It is the responsibility of every governing body, whether board or council, at every level in the church to ensure that the funds of the entity are secure, that proper accounting records are kept, that proper reporting processes are in place and that a review or audit is conducted at least annually.
- Each District Church Council/Board (DCC/B) is responsible for ensuring proper review or audit procedures are in place and that reviews and audits of entities under its governance responsibility are carried out, as well as by all other entities operating within the District.
- The governing body must meet its responsibilities at law and its obligations to the Church to ensure the funds for which it is responsible are secure and that the books of account are kept in such manner that proper and accurate reports can be submitted to the appropriate approving body as required.

- All entities of the church, whether or not they are separately incorporated, must maintain accurate, current financial accounts and those accounts must be audited annually in line with legal requirements, standard business practice and the requirements of their own, the LCA or District constitutions and by-laws.

**Responsible Bodies**

- General Church Board (GCB) is responsible for the communication of and compliance with this policy and related procedures to LCA departments and other LCA entities subject to the LCA’s accounting and finance policies.

**Related policies**

Disbursements and payments policy (under development)  
 General accounting policy (under development) Reserves and  
 specific funds policy (under development) Delegation policy  
 Risk management policy Gift  
 acceptance policy  
 Investment policy (under review) Fixed  
 Assets  
 Income recognition (under development) Fraud  
 Control Policy (under development)

Document ID:	04.07
Prepared by:	Finance Audit and Risk
Reviewed by:	FAR Committee
Policy ownership:	GCB
Approved publication:	August 2019
Review date:	2022

**Procedures**

**1. Auditing**

- 1.1 At each Annual General Meeting of the entity an appropriate auditor must be appointed according to the entity’s constitution and as detailed in section 3.2.
- 1.2 It is the responsibility of the Chairperson of the entity, in consultation with the office holder or employee responsible for financial issues, to ensure that the accounts of the entity are presented to the appointed auditor or qualified person for audit at least annually and at times and in a manner which the person auditing deems appropriate

- 1.3 The office holder or employee responsible for financial issues shall ensure that the accounts are available for audit
  - a. within three months of the end of the financial year of the entity
  - b. and/or at the request of the person auditing and shall cooperate with the appointed auditor at all times.
- 1.4 If the office holder or employee responsible for financial issues fails to respond to reasonable requests by the auditor within a reasonable time, the auditor shall immediately report the situation to the Chairperson of the entity requiring the audit. The Chairperson shall take appropriate action to ensure that the audit can take place immediately.
- 1.5 The office holder or employee responsible for financial issues shall submit the audited statements and an insurance schedule to the AGM of the entity.
- 1.6 The auditor shall submit an audit report to the Annual General Meeting of the entity. The audit report must include a report on the state of the accounts and whether or not they portray a true and fair view of the financial affairs of the entity. It must also provide an opinion on the adequacy of insurance cover for assets and liability. The audit report to the AGM or a further report to the governing body should highlight any recommendations, discrepancies or errors and, if necessary, include suggestions to improve the accounting procedures and financial reporting of the entity.
- 1.7 The matters the auditor must verify includes, but is not limited to:
  - 1.7.1 Transactions in the books of account have been entered correctly and are verified by supporting documentation such as receipts, invoices and monthly statements or accounts.
  - 1.7.2 Cash (bank, investments), debtors and creditors and loan balances from the bank or other financial institution (eg LLL) are as specified in the accounts.
  - 1.7.3 Salaries and/or stipends (including fringe benefits) are paid correctly and that all liabilities including taxation and superannuation have been met.
  - 1.7.4 Correct bookkeeping/accounting procedures have been adopted.
  - 1.7.5 The asset register (checking of titles, fixed assets) is accurate and complete.
  - 1.7.6 Adequate insurances (property, public liability, workers compensation) are in place.

- 1.7.7 That where the procedures for financial transactions are laid down by the governing body, they are followed in the processing of all payments and receipts.
- 1.7.8 That all accounts signatories are current and are proper persons as specified in the Constitution or By-laws of the entity being audited.

## **2. Management**

- 2.1 The governing body must ensure that it receives a comprehensive financial report from the officer or employee responsible for financial issues at least every three months.
- 2.2 The financial report should comprise:
- 2.2.1 A receipts and payments or income and expenditure statement for the period in a form readily understandable to the members of the governing body and containing meaningful indicators and comparisons against the budget figures.
- 2.2.2 The office holder or employee responsible for financial issues should confirm that all balance sheet items have been reconciled for the reporting period.
- 2.3 The minutes of the governing body's meeting must record that these reports were tabled and endorsed by the body.

## **3. Reporting**

- 3.1 Audited figures together with audit reports and comments must be presented to the governing body within one month of the auditor's report being completed or the next scheduled meeting.
- 3.2 Unless otherwise specified or required by law, the books of any entity with an annual income in the specified bands below, the following minimum standards apply:
- Where the income is less than \$150,000 the financial statements are to be prepared and be subjected to an audit engagement undertaken by a suitably qualified person(s)
  - Where the income is between \$150,000 and \$500,000 the financial statements are to be prepared and be subjected to an audit engagement undertaken by a qualified accountant.



- Where the income is over \$500,000 the special or general purpose financial statements are to be audited by a registered company auditor.
- 3.6 The method of accounting - cash or accrual - shall be determined on a case-by-case basis, however the policies of the LCA or its Districts shall prevail. Generally those bodies with annual turnover in excess of \$100,000 should use accrual accounting and disclose assets and liabilities (Statement of Position) in a statement separate from the income and expenditure statements (Statement of Performance).
- 3.7 Up-to-date books of account and audit reports and recommendations are to be provided by the governing body as requested by the District of which any entity is part, or, by the General Church Board in the case of Districts and Churchwide entities.

### **Definitions**

Appropriate auditor: a person or firm/company who meets the minimum standards set out in Section 3.2

**Audit:** The audit of an entity is primarily a financial audit where the auditor is required to report to members in relation to the entity's financial report, and adequacy of financial and statutory record keeping.

The audit can take the form of:

- Statutory audit or
- audit engagement.

**Auditor:** The following may be appointed as auditor for an entity:

- an individual who is a registered company auditor;
- a firm; or
- a company that is an authorised audit company.

DCC/B or District: District Church Council or District Church Board

**Entity:** For the purposes of this policy, this includes any organisation and/or ministry that is recognised as part of or related to the LCA entity by the GCB or a DCC/B.

**Independence:** An auditor is required to be independent from the entity it audits.

Maintaining independence has a number of aspects that the auditor must be mindful of throughout the client/auditor relationship. A brief overview of the areas an auditor must be aware of and implement appropriate responses to include:

- conflict of interest situations
  - general requirements, including the provision of certain non-audit services, and
  - specific relationships of the auditor and/or audit team members with the audited entity,
- auditors must be diligent in identifying and evaluating threats to independence and applying appropriate safeguards.

When conducting an audit of a financial report, the auditor must provide a written declaration confirming that there have been no contraventions of the auditor's independence requirements or applicable code of professional conduct.

**Qualified accountant:** an appropriately qualified accountant or financial services person who is a member of an appropriate professional body.

**Registered Company Auditor:** a person or firm with the appropriate qualifications, as well as recognition and/or registration from a professional and/or regulatory body to act in this capacity.

**Suitably qualified person:** A person who has a sufficient level of accounting, business, banking or bookkeeping experience to undertake a review that meets the requirements of this policy and who is independent of the governing body and the treasurer/persons responsible for the managing of the entity's finances and preparation of its financial accounts.

**APPENDIX 7: NON-BRC SMALL CHARITIES THAT WERE EXCLUDED FROM THE POPULATION USED IN THE COMPARISON WITH SMALL PARISHES AND CHURCHES IN PART 5**

abn	charity name	Human Resource Class				
		F	P	C	FTE	V
56757215255	Taqwa Perth Incorporated	10	5	5	0	15
68135454367	First Nations Broadcasting Australia Ltd	10	0	0	10	3
84893797548	Merciful Heart Centre	10	0	0	10	10
85931014984	Angels Of Mercy Welfare Services Inc	10	0	0	10	150
94667646641	ASHRONIA COMMUNITY SERVICES INCORPORATED	10	8	1	20	10
81626887198	Conscious Ground Australia Limited	11	21	0	0	100
14935689700	Angel Feather Foundation Inc	12	0	12	12	12
45635277762	OUTSIDE THE LOCKER ROOM CHARITY LTD	12	9	68	18	138
70248467088	The Pew Charitable Trusts	12	0	0	12	0
35270895572	The Asa Benevolent Trust	13	6	0	17	100
44758715343	The Trustee For The Sholem Aleichem College Library Fund	14	28	0	23.5	15
61111101583	Seventh-Day Adventist Church (Tasmanian Conference) Limi	14	6	2	17	2
73102375723	The Trustee For Sholem Aleichem College Building Fund	14	28	0	23.5	15
76559353081	The Trustee For The Me Foundation	14	13	6	0	10
89130675893	Chosen Servant Ministries Limited	14	2	4	15.58	5
12645422033	Nuba Orphanage and Widows Home Inc	15	2	2	0	7
28976768664	Harvest House International Inc	15	0	0	15	15
87002974076	Illawarra Area Child Care Ltd	18	7	5	0	3
71673742560	Mwandi OVC Project Support Team Incorporated	19	10	0	19.11	5
85336233269	The Anglican Schools Commission Incorporated	19	11	2	25.9	16
89618534428	Aaron Sansoni Foundation Limited	19	2	0	0	5
31347074602	The Trustee For St Vincent De Paul Society National Council	20	3	0	20	0
43629983615	WA RETURN RECYCLE RENEW LTD	20	1	0	20.4	0
84871388989	Lutheran Chinese School	25	0	2	1	0
36106906530	Seventh-Day Adventist Church (Northern Australian Confere	26	2	2	27.44	8
44110697419	Seventh-Day Adventist Church (South New South Wales Con	27	3	6	33.57	0
59320402923	Northern Yorke Private Hospital Inc	30	50	38	70.55	21
30627530849	Prestige Staffing Solutions Ltd	33	0	32	0	5
83881273108	Diocese Of Wilcannia-Forbes Catholic Education Office	33	7	2	38	0
24112101783	Seventh-Day Adventist Church (Australian Union Conference	36	14	8	44.3	1
34111557530	Seventh-Day Adventist Church (South Australian Conference	36	17	2	53	1
35215787454	The Trustee For Dingley Primary School Building Trust	40	10	10	45	100
35398075320	The Trustee For Dingley Primary School Library Trust	40	10	10	45	100
90702916776	Armidale Catholic Schools	45	7	0	48.9	0
73470086952	Catholic Education Office Bathurst	47	10	1	54.26	1
32562984540	Stoneville Volunteer Bush Fire Brigade	50	0	0	0	50
13104553808	Seventh-Day Adventist Church (Western Australian Conferer	53	22	38	56.08	6
32099252002	Catholic Parish Of All Saints Kempsey St Pauls College Paren	53	45	23	0	20
22616685167	Catholic Education Office	59	6	6	62.13	0
46634485144	CATHOLIC DIOCESE OF PARRAMATTA SERVICES LTD	70	113	49	0	0
55210770582	Catholic Education Centre	80	31	3	98.3	0
96106906469	Seventh-Day Adventist Church (Victorian Conference) Limite	95	50	20	117.8	0
37915394934	The Trustee For St Catherines School Library Fund	98	102	72	130.7	25
44917862717	The St Catherines Endowment Fund Incorporated	98	102	72	130.7	25
23104195897	Seventh-Day Adventist Church (South Queensland Conferen	104	15	55	116	0
34104269150	Seventh-Day Adventist Church (North New South Wales Conf	110	49	69	128	0
69106908794	Seventh-Day Adventist Church (Greater Sydney Conference) I	113	44	34	113	250
62308937408	St John Of God Ballarat Hospital Auxiliary Ballarat	120	600	230	496	45
13622319794	Roman Catholic Trust Corporation For The Diocese Of Towns	125	18	3	135.1	0
19542675092	Catholic Schools Broken Bay	127	65	0	155	0
72842527880	Kincoppal-Rose Bay School Of The Sacred Heart Indigenous	130	20	200	139.7	0
83786741432	Heathdale Christian College Building Fund	145	94	73	276	100
88934244646	Corporation Of The Roman Catholic Diocese Of Toowoomba	802	634	24	1097	57
67786923621	Trustees For The Wollongong Diocese Catholic School Syste	1375	939	630	1980	500
79469343054	Catholic Schools Office - Newcastle	1434	1189	315	2317	0

