



RECTOR'S DISCRETIONARY FUND POLICY

THE ANGLICAN DIOCESE OF NIAGARA

1. Purpose of the Policy

A Rector's Discretionary Fund enables a rector, or priest-in-charge (where there is no appointed rector), on behalf of the parish, to respond pastorally, confidentially, and promptly to urgent needs of individuals and households, and to support charitable and pastoral purposes consistent with the mission of the Church. According to the *Income Tax Act* these purposes include, but are not limited to, the relief of poverty, distress, or other conditions of need, as well as the advancement of religion.

A Rector's Discretionary Fund is a restricted charitable fund of the parish and must operate in compliance with Canada Revenue Agency (CRA) regulations and annual reporting requirements for registered charities, as well as diocesan expectations and best practices.

2. Nature of the Fund

- a) Ownership — A Rector's Discretionary Fund is owned by the parish as a charitable entity, not by the rector personally. Funds are held in an account under the parish's name, using the parish's charitable/business number. The account must not be in the priest's own name.
- b) Signing Authority — To maintain confidentiality and pastoral discretion, the rector may be the sole signing authority. However, the Rector's Discretionary Fund remains subject to parish finance policies and audit review.
- c) Continuity — The Rector's Discretionary Fund, and its responsibilities and obligations, remain with the parish corporation if the rector resigns, retires, or is transferred; outgoing rectors do not take discretionary funds with them.

3. Acceptable Sources of Funding

Acceptable sources include parish-designated offerings, gifts or donations directed to the Rector's Discretionary Fund and, where permitted, fees or honoraria that the parish designates. All contributions must be payable to the parish (not to the rector personally) for donors to receive official charitable receipts, as issued by the authorized parish representative. Gifts payable personally to a priest constitute taxable income to the priest and must not be deposited into a Rector's Discretionary Fund.

While contributions may be made to the fund by the rector, it is improper to mingle personal funds of any kind with discretionary funds.

4. Permissible Uses of the Fund

Expenditures must support charitable and pastoral purposes, such as: (a) assistance to individuals/families facing genuine financial hardship or distress (purchasing basic food items, affording rent, paying utilities, arranging for required transportation, unexpected medical costs); (b) support for recognized charities or parish ministries; and (c) pastoral support aligned with the mission of the Church.

Expenditures must be aligned with charitable purposes, consistent with CRA standards and regulations, and avoid conferring a private benefit. If funds are given to a non-registered charity, directions must be provided as to the use of the funds for charitable activities and a report of how funds are used is to be received.

5. Prohibited Uses

The Rector's Discretionary Fund must not be used for: (a) personal benefit of the rector (meals, travel, professional expenses)—such costs follow normal expense policies; (b) income-splitting or tax avoidance (routing money through the Rector's Discretionary Fund for private family expenses, tuition, etc.); (c) any expenditure not aligned with charitable purposes.

6. Administration and Stewardship

- a) Confidentiality — The rector may maintain confidential details to protect recipients; however, records must maintain enough details to demonstrate that expenditures were for charitable purposes.
- b) Record-Keeping — Maintain records for at least 6 years, including expenditure details including but not limited to the date, amount, recipient, general charitable purpose/category, and any supporting notes, sufficient for audit and CRA review
- c) Financial Oversight — Report the Rector's Discretionary Fund balance within parish financial statements; reconcile monthly; provide records for annual audit review. Documentation should include that transactions were for a charitable purpose and that no private benefit occurred.
- d) Clarification – If there are questions related to the application of this policy, or the permitted uses of discretionary funds, clarification should be sought from the rector's regional archdeacon and/or the diocesan treasurer, prior to disbursement.

7. Governance and Accountability

A Rector's Discretionary Fund operates under parish policies and diocesan canons, regulations, and policies and the *Income Tax Act* and associated CRA regulations for registered charities, including books-and-records obligations and restrictions on private benefit and non-charitable expenditures. All resources are to be used exclusively for charitable purposes.

8. Transition of Rector

Upon transition, the Rector's Discretionary Fund balance and records remain with the parish. Records are transferred to the churchwardens or interim priest (if appointed); the incoming rector assumes stewardship after appointment.