

## GUIDE TO FINANCIAL REPORTING FOR CNCA CHURCH

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### Financial Statements and Review

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### Financial Statements

A federally incorporated church in Canada must prepare financial statements each year which comply with the requirements of the Canada Not-for-profit Corporations Act (NFP Act). The financial statements must be prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### Providing Financial Statements to the Church Members

An incorporated church must send a summary of its annual financial statements or a copy of a document reproducing the required financial information (such as an annual report) to the members not less than 21 days but not more than 60 days before the day on which the annual meeting of members is held, or the day on which a resolution in writing is signed by the members.

The only exception to this rule is if the by-laws of the incorporated church allow the church to give notice to the members that the annual financial statements are available for viewing at the registered office and that members may request a copy free of charge.

### Providing Financial Statements to Corporations Canada (Soliciting Corporations Only)

An incorporated church ([soliciting corporation](#)) must provide its annual financial statements to Corporations Canada not less than 21 days before the annual general meeting of members or

without delay in the event that the corporation’s members have signed a resolution approving the statements, instead of holding a meeting. In any event, an incorporated church must send financial statements to Corporations Canada within 15 months from the preceding annual meeting (by which time an annual meeting is required to be held under the NFP Act or a resolution in writing signed in place of a meeting), but not later than 6 months after the end of the incorporated church’s preceding financial year.

## Level of Financial Review

The level of financial review required will depend on whether the incorporated church is a [soliciting or non-soliciting corporation](#).

Level of Financial Review			
Type of Corporation	Gross Annual Revenues	Appointment of Public Accountant (PA)	Review Engagement or Audit
Soliciting	\$50,000 or less	Members must appoint a PA by ordinary resolution at each annual meeting. Exception – Members may waive appointment by annual unanimous resolution.	PA must conduct <a href="#">review engagement</a> , but members may pass an ordinary resolution to require an audit instead. (If no PA is appointed, then <a href="#">compilation</a> only.)
	More than \$50,000 and up to \$250,000	Members must appoint a PA by ordinary resolution at each annual meeting	PA must conduct an audit, but members can pass a special resolution to require a review engagement instead.
	More than \$250,000	Members must appoint a PA by ordinary resolution at each annual meeting	PA must conduct an audit.
Non-Soliciting	\$1 million or less	Members must appoint a PA by ordinary resolution at each annual meeting. Exception – Members may waive appointment by annual unanimous resolution.	PA must conduct <a href="#">review engagement</a> , but members may pass an ordinary resolution to require an audit instead. (If no PA is appointed, then <a href="#">compilation</a> only.)
	More than \$1 million	Members must appoint a PA by ordinary resolution at each annual meeting.	PA must conduct an audit.

## Qualifications of Public Accountant

A public accountant must:

- Be a member in good standing of an institute or association of accountants incorporated by or under an Act of the legislature of a province (e.g., chartered accountant, certified general accountant or certified management accountant);
- Meet any qualifications under an enactment of a province for performing any duty that the person is required to perform under the NFP Act (e.g., a provincial license to conduct audits and/or review engagements); and
- Subject to an order of the court, be independent of the corporation, its affiliates or the directors or officers of the corporation or its affiliates.

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DISCLAIMER: This guide is provided for information purposes only and is not intended as advice to the local church. Information is current only as of the date that the guide was prepared. Readers are advised to seek professional advice for their particular situation.

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