



Treasurer's Information Booklet

www.elcic.ca

MEMO

To: Congregational Treasurers/administration

From: Kyle Giesbrecht, CPA, CA
Director, Finance & Administration,
ELCIC

Re: Treasurer's Information Booklet

The Treasurer's Information Booklet has been prepared with information currently available. The booklet also lists additional reference sources. If there are any changes to the booklet throughout the year, we will post them to the ELCIC web site. To quickly access the Treasurer's information from the home page of the ELCIC website, www.elcic.ca, choose "Resources", and then choose the "Treasurer Resources" link. This will bring you to the section where the Treasurer's information and forms are located.

Throughout the Treasurer's Information Booklet you will find links to the web which will enable you to easily access information online. These links appear in a blue font and are underlined. By selecting the link, and then holding down the "Ctrl" key and clicking on your mouse, you will be connected to the information online. For example, the link for the Treasurer's Information Booklet on the ELCIC website is <http://elcic.ca/Treasurer-Resources/default.cfm>. For those treasurers who do not have access to the Internet, please contact the National Office at 204.984.9177 or toll free 1.888.786.6707 Ext 177 or by email at info@elcic.ca, and we will mail you a printed copy of the Treasurer's Information Booklet.

Detailed information on the Pension and Benefit Plans of the ELCIC which is administered by ELCIC Group Services Inc. (GSI) is available on the GSI website at www.elcicgsi.ca. The GSI website also includes the payroll, the T4 information and the examples for calculating payroll for clergy previously provided in the Treasurer's Booklet.

Copies of ELCIC forms can be downloaded or printed from the ELCIC and GSI websites. See the Contact Information section of the Treasurer's Information Booklet for details.

Contact information for the Canada Revenue Agency (CRA) also provided for your reference. CRA provides free electronic mailing lists that you are able to subscribe to. When you subscribe to an electronic mailing list, CRA will notify you by email whenever there's important new information on a subject of interest to you.

We thank those treasurers and synods who have provided us with comments and suggestions on the treasurer's booklet over the past year. If you have any suggestions for topics to include in future editions of the treasurer's handbook, please let us know. Email the ELCIC national finance office at kgiesbrecht@elcic.ca. Our objective to provide a booklet that is informative and easy to use.

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CONTACT INFORMATION – ELCIC

ELCIC National Office

600–177 Lombard Ave., Winnipeg, MB R3B 0W5
Tel: 204-984-9150 or 1-888-786-6707
Fax: 204-984-9185
General Information: dmendoza@elcic.ca
Finance & Administration: finance@elcic.ca
Website: www.elcic.ca

Treasurer information is located under “Resources”, the “Treasurer Resources” link on the www.elcic.ca home page.

ELCIC Group Services Inc.

805-177 Lombard Ave, Winnipeg, MB R3B 0W5
Tel: 204-984-9181 or 1-877-352-4247
Fax: 204-984-9179
Email: info@elcicgsi.ca
Website: www.elcicgsi.ca

ELCIC SYNOD OFFICES

- Synod of Alberta and the Territories
10014–81 Ave. N., Edmonton, AB T6E 1W8
Tel: 780-439-2636 or 1-866-430-2636
Fax: 780-433-6623
Email: abtooffice@elcic.ca
Website: www.albertasynod.ca
- British Columbia Synod
80 East 10 Ave., New Westminster, BC V3L 4R5
Tel: 604-524-1318
Fax: 604-524-9255
Email: bcsynod@elcic.ca
Website: www.bcsynod.org
- Eastern Synod
74 Weber St. W., Kitchener, ON N2H 3Z3
Tel: 519-743-1461 or 1-877-373-5242
Fax: 519-743-4291
Email: kmarcy@elcic.ca
Website: www.easternsynod.org
- Manitoba/Northwestern Ontario Synod
935 Nesbitt Bay, Winnipeg, MB R3T 1W6
Tel: 204-889-3760
Fax: 204-896-0272
Email: mnosynod@elcic.ca
Website: www.mnosynod.org
- Saskatchewan Synod
#6-2220 Northridge Drive, Saskatoon, SK S7L 6X8
Tel: 306-244-2474
Fax: 306-664-8677
Email: info@sasksynod.ca
Website: www.sasksynod.ca

CONTACT INFORMATION – CANADA REVENUE AGENCY (CRA)

General Website

www.cra-arc.gc.ca

Charities Directorate

Tel: 1-800-267-2384 toll-free

Fax: 1-613-954-8037

www.cra-arc.gc.ca/charities

Forms & Publications

Tel: 1-800-959-2221

www.cra-arc.gc.ca/formspubs/menu-e.html

GST, Payroll Deductions and Other Business Inquiries

Tel: 1-800-959-5525

www.cra-arc.gc.ca/tx/bsnss/menu-eng.html

www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/menu-eng.html

Electronic Mailing Lists

www.cra-arc.gc.ca/esrvc-srvce/mlst/menu-eng.html

Personal Tax Inquiries

Tel: 1-800-959-8281

Ministère du Revenu du Québec

Tel: 1-888-413-2277

www.revenu.gouv.qc.ca/

1. GENERAL INFORMATION FOR CONGREGATIONAL TREASURERS

The information in this booklet is to be used by the treasurer and should also be shared with other persons in the congregation involved with church administration such as the church council, staff and volunteers. Forms are available in this booklet for photocopying and also on the ELCIC web site.

1A. Charitable Organization Registration Numbers

The Evangelical Lutheran Church in Canada (ELCIC) began operations January 1, 1986. It was incorporated by Special Act of Parliament, Chapter 55, and is registered as a charitable organization with the Canada Revenue Agency (CRA). Each of the five synods is separately incorporated in a province and registered as a separate charitable organization. Each congregation also has its own registered charitable organization number.

For your information and for the completion of Form T3010, Registered Charity Information Return, following are the charity registration numbers for some of the commonly supported Lutheran entities:

ELCIC	10735 4334 RR0001
Synod of Alberta and the Territories	13055 9404 RR0001
British Columbia Synod	10677 9184 RR0001
Eastern Synod	10727 3666 RR0002
Manitoba/Northwestern Ontario Synod	11903 0567 RR0001
Saskatchewan Synod	13073 9865 RR0001
Lutheran Theological Seminary, Saskatoon	11902 6292 RR0001
Waterloo Lutheran Seminary, Waterloo	10820 8786 RR0001
Luther College, Regina	10765 0061 RR0001
Lutheran Collegiate Bible Institute, Outlook	10764 9899 RR0001
Bethany Nursing Home, Camrose	11880 4459 RR0001
Lutheran Sunset Home, Saskatoon	13104 5613 RR0001
St. Paul's Lutheran Home, Melville	10808 5668 RR0001
Canadian Lutheran World Relief	10686 3038 RR0001
Lutheran Association of Missionaries and Pilots, Edmonton	11900 4810 RR0001

1B. Flow of Funds

For **general mission support**, the flow of funds is from individual to congregation to synod to national office. Each is responsible for using or sharing the gifts in accordance with the intent of the donor.

For **certain other items**, the congregational treasurer will send remittances directly to the national office or directly to another charity as specified by the donor.

For any donations received by the congregation, whether general or specified, and the funds are deposited into the congregation's bank account, the congregation is responsible for issuing the **donation receipts** and also ensuring all directed gifts are properly forwarded.

1C. Special Purpose Funds

By law, funds that are donated for specific purposes must be kept separate, e.g. building fund, synod benevolence, organ fund, cemetery fund. In theory, special bank accounts should be set up for each special fund. However, as this most often is impractical, it is essential that separate accounts be maintained in the church financial records for each special fund.

Depositing a cheque into the charity's bank account acknowledges acceptance of the gift, and the funds cannot be used for a purpose other than that stipulated by the donor. Therefore, if you are unsure of whether a directed gift can be spent as directed, do not deposit funds until this information is confirmed. If unable to fulfill the obligation of a directed gift, the gift must either be returned to the donor, or the donor must be asked to provide, in writing, alternative uses of the gift. The only legal way to change the purpose of the funds once they have been accepted is to obtain a court order. Even the donor cannot change the original intention once the gift has been accepted.

Special purpose accounts should only be set up after the congregational council has approved the purpose. Also, when the congregational council establishes a new special purpose fund, council should indicate where extra monies will be applied should the specific fund be over-subscribed or when the project is completed and funds are remaining in the account (essentially, how and when the special fund can be closed.)

Borrowing from special funds should not be done. As well, interest on special funds being held cannot be allocated to a different purpose.

Suggested wording for a donor to modify the restrictions of a gift in order to give the congregation ultimate control over the use of the funds:

"The donor hereby authorizes the church to use the designated funds for other church programs if the program or project for which the enclosed gift is designated has been fully funded or if the church council, in its sole discretion, decides that the program or project for which the funds are designated will not be carried out."

Designated Giving Policy—Congregations would do well to have a general fundraising policy similar to the following. It should be printed on the offering envelopes and/or frequently publicized in the bulletin or elsewhere. Provided donors are aware of the policy, it allows congregation councils to deal effectively with designations that are no longer appropriate.

To avoid being legally precluded from using designated funds at all if a project is oversubscribed or is terminated, the following policy is in place and is published:

“Spending of funds is confined to council approved programs and purchases. Each gift designated toward an approved program will be used as designated with the understanding that when any given need has been met, or where projects cannot be carried out for any reason, designated gifts will be used where needed most.”

2. FUNDS TO BE REMITTED TO THE SYNOD OFFICE

2A. Mission Support through the Synod

Regular Mission Support of Synod

This consists of remittances from the congregation’s budget for benevolence of church wide programs. The funds are to be sent from the congregation to the synod office on a monthly basis. A completed synod remittance form must be enclosed with each payment. See forms in Section B.

Directed Gifts for Synod Purposes

This consists of remittances for causes carried out in the synod program as part of its budget. These may include support for the seminaries, campus ministry, outdoor camps, homes and other programs or agencies located within a synod boundary.

2B. Mission Support through the National Church

Regular Mission Support of National Church

Working together as a church *In Mission for Others* means we respond generously with our stewardship—the sharing of our time, talents and resources that we have been first given by God. When we respond in faith, we participate in God’s mission in ways that go beyond what we can accomplish alone.

Financially, within the ELCIC, we operate all levels of the church through one offering plate:

- Individuals give to and through their congregations;
- Congregations give to and through their synods;
- Synods give to and through the National Office; and
- The National Office gives to and through the wider expression of the church.

Through every expression of the church we are called to faithful and generous giving to accomplish God’s mission.

Individual members and congregations frequently choose to provide donations for specific missions and ministries. Directed giving provides additional support over and above the regular mission support of a congregation. National Office programs include:

- Global Mission
- Worship
- Public Policy
- Stewardship
- Communications
- Youth Ministry
- Leadership
- Compassionate Justice
- Ecumenical & Inter-faith
- Partnerships, and
- *Canada Lutheran.*

Directed giving should flow from the congregation to the synod, and then from the synod on to the National Office. Donations to Canadian Lutheran World Relief, a partner of the ELCIC in the area of international relief and development work, should also be sent through the synod.

ELCIC Praise Appeal

The ELCIC Praise Appeal allows the opportunity to highlight different aspects of the ministry of the wider church. Congregations throughout the ELCIC are asked to designate one Sunday a year, at a time that works best within their own context, to highlight the ELCIC Praise Appeal.

Resources for holding an ELCIC Praise Appeal Sunday (including a letter from the ELCIC National Bishop and Synod Bishops, worship and liturgy ideas, a sermon and offering envelopes) can be found online at www.elcic.ca/praiseappeal.

Giving directed for the ELCIC Praise Appeal should flow from the congregation to the synod, and then from the synod on to the National Office.

Canadian Lutheran World Relief (CLWR)

The ELCIC and Canadian Lutheran World Relief (CLWR) work in effective partnership to challenge the causes and respond to the consequences of injustice and poverty. Within Canada, CLWR facilitates the engagement of Lutheran communities in refugee resettlement and provides funding to support ELCIC Compassionate Justice initiatives.

CLWR reaches out to the world's poor and disenfranchised in four main ways: community development, We Care shipments, emergency relief, and refugee resettlement. More detailed information about each of these program areas can be found on CLWR's website www.clwr.org by calling CLWR toll-free at 1.800.661.2597.

ELCIC members are encouraged to support the work of CLWR and donations to CLWR can be made through congregational offerings and forwarded along with your synod benevolence to the synod office. Should your congregation receive donations for the work of GHDA, they should be remitted along with CLWR donations to your synod office. Gifts designated to CLWR for a special appeal are forwarded in their entirety according to the donor's instruction.

The following is a list of the projects currently in place at CLWR. Treasurers need to identify donations for these projects separately on the synod remittance form:

Undesignated

- CLWR-where needed most (includes GHDA)

Designated

- Augusta Victoria Hospital (AVH), Jerusalem
- Bequests
- Canadian Foodgrains Bank
- Dev. Project, Ethiopia
- Dev. Project, Israel/Palestine
- ELCJHL
- Emergency and Disaster Appeals (Specify)
- Ethiopia SSD
- Gifts from the Heart – GFTH (Specify)
- Memorials
- We Care Shipments (Ocean Freight)
- Refugees
- Seeds of Hope

ELCIC members are called to be *In Mission for Others* through the support of CLWR, enabling our compassion for helping those in need. Our call to do justice, to love kindness and to walk humbly with [our] God (Micah 6:8) remains as strong as ever.

3. FUNDS TO BE REMITTED DIRECTLY TO THE ELCIC NATIONAL OFFICE

There are some remittances of a congregation that must be sent directly to the ELCIC national office. These do not pertain to mission support of either the synod or the national church. Each of these payments must be made by separate cheque and have a completed remittance form enclosed with it.

3A. Church Extension and Capital Fund (CECF)

All mortgage payments of Canadian Mission congregations are to be sent directly to the ELCIC national office. These monthly payments include interest and principal and should be made in accordance with the agreement with the CECF. Congregations can make their monthly mortgage payments by pre-authorized debit. With the pre-authorized payment option, your payment is made automatically on the payment due date. There is no cost to the congregation for this service. To join, complete and sign the enrolment/authorization form found in Section B and attach a congregation business blank cheque marked “void”. Mail the form and the void cheque to the national office.

Additional payments can be applied to the principal at any time. To submit an additional payment, cheques can be made payable to the “Evangelical Lutheran Church in Canada” and forwarded to the national office. We also request that you attach a completed remittance form to the cheque to ensure that your additional payment is applied to your loan. These forms are available in Section B and also in the Treasurer’s section on the ELCIC website.

For those congregations paying by cheque, it is preferable that, on an annual basis, the regular monthly cheques for the year are postdated and forwarded to the national office. A mortgage remittance form should accompany each cheque. See forms in Section B.

3B. ELCIC Women of Faith Fund

The ELCIC Women of Faith Fund, which recognizes the significant contribution of the women of the Evangelical Lutheran Women of the Evangelical Lutheran Church in Canada (ELCIC), and provides grants for the purpose of encouraging and facilitating, "the Christ-centered ministry of women within [the ELCIC] and *In Mission for Others.*"

The fund honours the work of women in our church in the areas of faith and spiritual growth, fostering supportive communities, developing leadership skills and working towards justice and peace.

The initial contributions to the fund were provided from the residual amount remaining after the dissolution of Evangelical Lutheran Women Inc. (ELW). The contribution comes as per ELW bylaws.

Grants from the ELCIC Women of Faith Fund are available on an annual basis. Applicants submit their proposals for review and consideration by an advisory committee appointed by the ELCIC's National Church Council. Applications are to be completed and submitted by May 1 of each year. Successful applications are notified by May 31 of each year.

Further information on the fund, along with a list of past recipients, is available on the ELCIC website: <http://elcic.ca/Womens-Desk/default.cfm>.

Groups or individuals may also make additional donations to the fund. Contributions to the ELCIC Women of Faith Fund can be made by sending a cheque made payable to the ELCIC (please indicate ELCIC Women of Faith Fund in the memo portion). See page A-3 for the ELCIC address.

Should donations for ELW be received, they can be processed as indicated in the preceding paragraph.

4. FUNDS TO BE FORWARDED TO ELCIC GROUP SERVICES INC. (GSI)

ELCIC Group Services Inc. (GSI) is the Administrator of the Pension Plan for Clergy and Lay Workers of the Evangelical Lutheran Church in Canada (ELCIC Pension Plan) and the ELCIC Group Benefits plan.

GSI will prepare and email an invoice each month which details the contributions and premiums for each employee enrolled. Cheques should be made payable to "ELCIC Group Services Inc." and should be forwarded together with the invoice including any changes to the invoice in order to ensure all payments are properly allocated.

GSI also provides the financial administration for the Continuing Education Plan (CEP) overseen by the Program Committee for Leadership in Ministry (PCLM). The CEP contributions should be entered in the space provided on the monthly invoice.

General information such as description of each plan, eligibility, enrollment forms, payroll, T4 information and the examples for the calculation of payroll are available on the GSI website www.elcicgsi.ca

5. FUNDS TO BE FORWARDED DIRECTLY TO OTHER CHARITIES

5A. Evangelical Lutheran Women (ELW)

At a very spirit-led meeting in June 2010, after prayer and discussion, the National Board of Evangelical Lutheran Women Inc. (ELW) determined that the most responsible path was to enter into a process of dissolution. While this decision has been difficult, the Board of ELW believes it responded faithfully to the realities with which ELW faced.

By deciding to dissolve at this time, ELW was able to leave a legacy by setting up a special fund within the ELCIC called the ELCIC Women of Faith Fund. See section 3C for details regarding the ELCIC Women of Faith Fund.

5B. Directed Gifts for Non-ELCIC Causes

For gifts received by a congregation for local causes or non-ELCIC causes, the congregation should send these directly to the beneficiary. CRA indicates that a registered charity can only transfer money to qualified donees, unless the charity and the recipient enter into a written agreement that gives the charity the necessary direction and control over what is done with the money it transfers over.

Congregations are allowed to process receipts only for known registered charities. Some examples include the World Mission Prayer League, Lutheran Association of Missionaries and Pilots, On Eagle's Wings, Lutheran Bible Translators, and Wycliffe Bible Translators.

Remember that funds transferred to other charities have to be reported on the annual filing of the Registered Charity Information Return Form T3010. To find the registration numbers for charitable organizations other than those listed in Section 1A, search on the CRA web site located at: <http://www.cra-arc.gc.ca/chrts-gvng/menu-eng.html>.

5C. Gifts from Other Groups

Other committees or groups such as Sunday school, youth, etc. should report their activities to the congregational council on a monthly basis. Any special fundraising projects should only occur after the approval of the congregational council. Directed gifts from these groups must be forwarded as specified.

Any special or directed funds for synod or national ELCIC projects should be forwarded to the synod office in the same way as other congregational funds. These gifts will become a part of the congregational financial support to the synod and the national church.

6. GROUP PROGRAMS FOR ELCIC CONGREGATIONS

6A. Property Insurance Program for Congregations

The ELCIC has endorsed a comprehensive property and liability insurance program for its member parishes across Canada for the past several years. This program, administered by Aon Reed Stenhouse Inc., a global insurance and risk management consulting firm, is available to all congregations, synods and the national office. Each congregation will need only one comprehensive insurance policy that will include property, liability and bonding coverage, as well as specific liability coverage for directors and officers, pastors, counselors, etc., and any other special coverage requirements.

The program provides cost savings due to the pooling of all ELCIC premiums within one national program, as well as the competitive rating structure established through partnering with insurers specializing in insuring faith-based organizations. Rates have decreased significantly in recent years. More importantly, if covered under this program, there is assurance that complete and proper insurance is in place with universal comprehensive coverage. All congregations are encouraged to examine this program.

Aon understands the ELCIC's vision for a comprehensive national insurance program. Here are the highlights of the program:

- "All Risks" Property – covers loss or damage to insured property for "All Risks" of Direct Physical Loss or Damage except as specifically excluded. Coverage is extended to include damage caused by flood, sewer backup and earthquake.
- Boiler and Machinery – protects against sudden and accidental breakdown of pressure, mechanical, and electrical equipment causing damage to objects, and resulting damage to owned property or property under the parish's control
- Commercial General Liability – covers the parish, its employees, volunteers and directors and officers for the legal liability imposed by law for bodily injury and/or property damage to a third party that arises from the operations of the parish, and its ownership, use, maintenance or existence of the parish premises
- Physical and Sexual Abuse – covers legal liability of the parish or its employees, volunteers, directors or officers for bodily injury arising out of or from actual or threatened abuse (physical or sexual); coverage extensions included to provide reimbursement to the alleged perpetrator of civil or criminal legal defense costs incurred, where the alleged perpetrator is found innocent or proceedings are dismissed
- Crime – covers loss inside and outside church properties, including loss resulting from employee or volunteer dishonesty
- Directors and Officers Liability – covers legal liability arising out of alleged wrongful acts, defined as any actual or alleged breach of duty, neglect, error, or misrepresentation, made by directors, officers, employees, volunteers, bonafide committees or the parish itself.

Further information on this program can be found in the Treasurer's section on our web site at <http://elcic.ca/Treasurer-Resources/Insurance.cfm>. To obtain a price quote or request further information, please contact the corresponding Aon insurance consultant for your synod:

Alberta and the Territories	Edmonton	Cory Stabel Tel: 780-423-9493 Email: cory.stabel@aon.ca
	Calgary	Josh Morgan Tel: 403-267-7004 Email: josh.morgan@aon.ca
British Columbia	Kamloops	Brenda Garvey Tel: 250-377-2273 Email: brenda.garvey@aon.ca
Eastern	Toronto	Shawna Whitmell Tel: 416-868-5697 Email: shawna.whitmell@aon.ca
	Montreal	Zoe Natalia Vasquez Tel: 514-840-7056 Email: natalia.vasquez@aon.ca
	Halifax	Nancy Walters Tel: 902-421-7041 Email: nancy.walters@aon.ca
Manitoba/Northwestern Ontario	Winnipeg	Andrew Chudley Tel: 204-934-0235 Email: andrew.chudley@aon.ca
Saskatchewan	Saskatoon/ Regina	Cagney Brucker Tel: 306-569-6720 Email: cagney.brucker@aon.ca

Risk Control Bulletins – Three risk control bulletins are available in the Treasurers Resources section of the ELCIC website at <http://elcic.ca/Treasurer-Resources/Risk-Control.cfm>. They are:

- Cold Weather Slip and Fall Prevention for Places of Worship
- Protecting Places of Worship Fire Safety, and
- Holiday Preparations Reminder.
- Maintain Your Roof
- Ladders in the Workplace
- Sump Pump

6B. Payroll Preparation Program for Congregations

A payroll preparation program for our congregations and related organizations has been established through Ceridian Canada Ltd. This program has been set up to assist employers in fulfilling payroll obligations and to greatly reduce the time and commitment required of the volunteer treasurers.

Once payroll for your organization has been set up with Ceridian, the deductions for each of your employees can be calculated and the net pay directly deposited to their bank accounts. Ceridian can also calculate and submit remittances to the Receiver General, prepare Record of Employment (ROE) forms, and generate T4s at year-end. For further information, check the Treasurer's section of our web site at <http://elcic.ca/Treasurer-Resources/Payroll.cfm>.

Ceridian has a web based product called "Powerpay Web" which allows you to easily produce your payroll over the internet. Another payroll solution is called "Powerpay Phone". This product enables you to produce your payroll each pay period by calling in and talking to a live CPA (Canadian Payroll Association) certified customer care representative. ELCIC members will receive a 15% discount on Powerpay and a 10% discount on Phone in Pay in addition to receiving a reduced implementation fee of \$50 on either product.

To enroll in the program and receive the group discount offered by Ceridian, contact:

Raul Ponce
Email: Rraul.ponce@ceridian.com
Telephone: 905-282-8100 Ext. 6172

Ceridian also maintains a website at <http://www.ceridian.ca/en/index.html> and toll free line 1-877-237-4342 which provides information on payroll matters.

6C. Pre-Authorized Remittances (PAR)

Pre-Authorized Remittance (PAR) is a "direct debit" program that allows people to support their church through an automatic monthly withdrawal from their bank account. Congregational members often find that monthly direct debiting allows them to more intentionally plan and honour their financial commitments to their congregation. A donation can be designated to current expenses and/or other special funds, just like it is on an offering envelope.

If your congregation wishes to use a pre-authorized remittance plan for member donations, check with your financial institution to see if they can provide the service at a reasonable cost. FaithLife Financial has a Pre-authorized Offering Program (POP). Details can be found on their website at <http://faithlifefinancial.ca/en/uniquebenefits/preauthorizedofferingprogram.asp>.

Another alternative solution is the Pre-Authorized Remittance (PAR) program offered to ELCIC congregations by The United Church of Canada. For further information and materials on the Pre-Authorized Remittance program, please contact:

PAR Program Administrator
Financial Stewardship
The United Church of Canada
300 - 3250 Bloor Street West
Toronto, ON M8X 2Y4

Tel: 416-231-5931 Ext. 3050

Fax: 416-231-3103

Email: par@united-church.ca

Website: www.united-church.ca/getinvolved/donate/howto/par

7. DONATIONS

7A. Official Donation Receipts

Issuing Official Donation Receipts

The congregation is responsible for issuing donation receipts for any donations received by the congregation, whether general or specified, and the funds are deposited into the congregation's bank account. Congregations must carefully evaluate all contributions to ensure the qualifications for an official receipt for income tax purposes are met.

To qualify to receive an official donation receipt, the donation of money or property must be an outright gift. A gift is made in any circumstance where all three of the following conditions are satisfied:

- 1) Property (usually cash) is transferred to a registered charity. Non-cash gifts such as stocks, real estate, used furniture, etc, must be appraised by a qualified independent appraiser.
- 2) The transfer of property is voluntary.
- 3) The transfer is made without expectation of return. No consideration, or benefit of any kind to the donor, or to anyone designated by the donor, may result from the payment.

In most cases, this rule can be applied relatively easily to determine whether a particular payment is a gift or some form of non-qualifying contribution. If the contribution does not qualify as a donation, an official receipt for income tax purposes cannot be issued. If doubt exists about a particular transaction, contact the synod office or the Charities Directorate.

Following are some **examples of special situations**:

- Donation receipts cannot be issued for **volunteer time**. If a volunteer service is provided and the supplier wishes to receive a donation receipt, the supplier must present an invoice to the congregation; the congregation pays the invoice; the supplier then provides the cash donation back to the congregation. A donation must involve property, and "time" does not qualify as "property" until it has been paid for. The Charities Directorate states that the transfer of funds must flow through the bank accounts of both the charity and the donor. If donating out-of-pocket expenses, the provider should be reimbursed and then return the funds to the charity. In this way, the donation flows through the bank account of both the donor and the donee.

- If a donor directs funds to a **specified person** inside a specified program, the funds received by the charity might not qualify for an official receipt for income tax purposes. Donations made to charities can be subject to a general direction, but decisions regarding specific beneficiaries of one of its established programs must be the exclusive responsibility of the charity. The gift must be directed towards the charity and not towards the individual.
- A charity may not act as a conduit to simply **transfer funds** to a person or an organization whose activities, although charitable, are not considered to be related in any way to the activities of the charity. To qualify as a donation to a charity, the amount must be given to the charity for its use in pursuing its own charitable objectives.
- Donations directed to a **foreign agency** might not be qualifying contributions. When a donor directs a charity to send a gift to another charity, that other charity must normally be a registered Canadian charity. A charity's charitable objectives may include activities carried on jointly with another charity, or may include the funding of charitable activities carried on by other charities, including foreign charities. The national office of ELCIC works with CLWR and LWF to assist in carrying out our commitments to the rest of the world. Funds to missionaries and global missions, CLWR and LWF should be sent through the synods to the national office to be distributed.

Information Appearing on Official Donation Receipts

Canada Revenue Agency indicates that an official donation receipt must include, in a manner that cannot be readily altered, the following information:

For cash gifts -

- statement "Official Receipt for Income Tax Purposes"
- serial number of receipt
- congregation's name
- congregation's address
- charity registration number
- date donation received
- eligible amount of gift for tax purposes
- name, initial and address of the donor
- date receipt was issued
- location receipt was issued
- authorized signature
- statement "For information on all registered charities in Canada under the Income Tax Act, please contact: Canada Revenue Agency www.cra.gc.ca/charities"

For non-cash gifts – in addition to the above, also include the following:

- description of property
- name and address of appraiser
- the eligible amount of gift for tax purposes is the fair market value of the property at the time the gift was made

For gifts with an advantage – when the donor receives something in return for the gift other than a nominal amount (i.e. meal, book, golf tournament, etc.), the receipt must also include:

- total amount received (cash or fair market value)
- value of advantage (cash or fair market value of property or services)
- eligible amount of gift for tax purposes (total amount received less value of advantage)

For example, a donor pays \$50 to attend a fundraising dinner where they receive a meal valued at \$20. The total amount received by the charity is \$50 and the value of the advantage (the meal) is \$20. Therefore the eligible amount of the gift is \$30. If the amount of the advantage exceeds 80% of the fair market value of the gift, the charity is advised to contact the CRA before issuing a receipt.

Each **receipt must be prepared** in duplicate, must be signed by an authorized person, and must bear its own serial number. In preparing official donation receipts, a congregation must indicate the year in which it actually received a gift. If a gift is dated, mailed, and postmarked in one year and received in the next year, the congregation can issue a receipt indicating the year appearing on the postmark as the date it received the gift. A charity must keep on file a copy of all official receipts that it issues.

Receipts can have a **facsimile signature** if they are imprinted distinctly (usually by a commercial printer) with the name, address, and BN/Registration number of the congregation and are serially numbered by a printing press or numbering machine. In addition, all unused receipt forms must be kept at the charity's Canadian address.

To replace a **lost or spoiled receipt**, a congregation can issue a replacement which must contain all required information plus a notation to the effect that it "cancels and replaces receipt No. "XXX" (insert the serial number of the lost receipt). The congregation's copy of the lost receipt must be retained and marked "cancelled." In the case of a spoiled receipt, all copies must be retained by the charity and marked "cancelled." The congregation can then issue another receipt.

To **correct printed receipts**, a congregation can use a stamp that clearly shows a change of name, address, or BN/Registration number if you want to use the remaining stock of official donation receipts before ordering a new supply. Make sure that the incorrect information is crossed out, either by the stamp or by hand.

CRA indicates that a registered charity can issue **computer-generated electronic official donation receipts** as long as they are readable and the reliability of the computer data entries is sufficiently protected. Protection against unauthorized changes to the data entries is the key security concern. An ideal computer system should incorporate user authentication (user-identifications validated by passwords) with access controls to restrict entry to and modification of donor contribution records. CRA recommends that donor records be stored on nonerasable media, such as CD-ROMs, micro-fiche, or printouts, with copies kept off-site for recovery purposes. Registered charities sending official donation receipts by e-mail on the Internet should ensure that the receipts are in read only or non-editable format. The recipient donor should only be able to read and print the receipt. The intent is to safeguard registered charities against fraud, for example, by preventing a donor from changing the amount on the receipt.

When electronically-kept records are changed from one format to another, the record-keeper is responsible for ensuring that the change does not result in the loss, destruction, or alteration of the information.

A registered charity is required by law to keep adequate books and records. If it fails to adequately safeguard and maintain records in a readable and reliable manner, it could be considered to have failed to meet this requirement.

Sample Donation Receipt

Following is a sample of a donation receipt for a cash donation. Please note that this receipt contains the information that must be provided according to the Income Tax Act. However, this sample receipt is only a guide and your receipts do not have to appear exactly as presented but must contain all the relevant information. Adjustments to the receipt will be necessary to accommodate information requirements for non-cash donations or gifts with an advantage.

Official Donation Receipt for Income Tax Purposes	
Congregation Name	Serial No. of Receipt
Congregation Address	
City, Province, Postal Code	Date Receipt Issued
Charity Registration Number	Location Receipt Issued
	Date Donation Received
	Eligible Amount of Gift for Tax Purposes
Name of Donor (first name, initial, last name)	
Address of Donor	
City, Province, Postal Code	Authorized Signature

For information on all registered charities in Canada under the Income Tax Act, please contact:
Canada Revenue Agency www.cra.gc.ca/charities

Other samples of donation receipts can be found on the Charities website at:

<http://www.cra-arc.gc.ca/chrts-gvng/chrts/pbs/rcpts-eng.html>.

Gifts of Securities (Capital Property)

The Income Tax Act sets out special rules for the donation of appreciated securities (**stocks, bonds, mutual funds and income trusts**) that are traded on a recognized exchange. The capital gain resulting from disposing of such securities is not taxed when there is a gift-in-kind to a registered charity. This special treatment makes such gifts highly advantageous from the donor's point of view.

Most securities today are held in electronic form. To qualify as a gift-in-kind, the securities must be transferred from the donor to the charity without being sold. A gift-in-kind must therefore be made by electronically transferring the ownership of the security from the donor's account to the charity's. If a congregation intends to receive such gifts, it must open the appropriate type of account with a stock broker or investment dealer.

Issuing a donation receipt for donations of appreciated securities can pose special problems. The general rule for valuing gifts is to use the fair market value at the time the gift is made. Because electronic transfers between financial institutions can take 5-10 working days (and sometimes more), and since the value of securities can fluctuate because of normal trading patterns, Canada Revenue Agency addressed the receipting of such gifts in its *Registered Charities Newsletter* #12, Spring 2002. Following are excerpts from that newsletter:

Date of the Donation - As a general rule, the date of a gift of electronically transferred shares is the date the shares are received in the charity's account. In such cases, the donor's intent to make the gift has been communicated to the charity and the charity has indicated its intent to accept the gift by providing the donor with its account number.

However, this rule may not apply in all cases, and you should carefully review the facts of each situation to determine the timing of the gift. For instance, the donor and charity may have entered into a written agreement which effectively transferred ownership of the shares to the charity prior to physical receipt by the charity.

Valuation - The *Income Tax Act* does not provide guidance in determining how a gift of shares should be valued. A careful review of the facts of each situation should be made to determine the "fair market value". The CRA has, as a general rule, accepted the use of the closing bid price of the share on the date it is received or the mid-point between the high and the low trading prices for the day, whichever provides the best indicator, given the circumstances, of fair market value on normal and active market trading.

Some other factors that may have to be taken into consideration are: the size of the block of shares in relation to the whole; the volume traded; the attributes of the shares; whether the donor had control or was a minority shareholder; whether there were any restrictions on the transferability of the shares; and whether the shares were thinly traded, requiring a look at trades over a longer period of time.

If you have any questions regarding valuation of gifts of shares, please contact the client assistance unit of the Charities Directorate at 1-800-267-2384 (English) or 1-888-892-5667 (French & English).

Donation Receipts – The donation of securities is treated as a gift-in-kind (non-cash gift), and the following information is also required on the donation receipt:

- Description of property – identify the type of security (stocks, bonds, mutual funds or income trusts)
- Eligible amount of gift for tax purposes – is the fair market value of the security when the charity takes possession of the security, that is, when the security appears in your account

Brokerage Accounts - The ELCIC national office and most synods have established their own brokerage accounts and are able to accept donations of securities on behalf of congregations. In such cases the national office or the synod would accept the transfer and sell the securities immediately. The proceeds of the sale, minus any sales commission charged by the broker, are then forwarded to the congregation by cheque. The national or synod office would process the donation receipt and send it to the donor, thereby relieving the congregation of any administrative responsibility.

Please contact your synod office or the Director, Finance and Administration at the National Office before any transaction is initiated for more information on what is required.

8. FINANCIAL ADMINISTRATION

8A. New Treasurers Checklist

If you are a new treasurer for your congregation, following is a checklist of items to help you get oriented to your new responsibilities. Depending on your congregation, some of these items may be carried out by the church staff.

- **Signing Authorities** – update banking, tax receipting, invoice payment authorization, etc. Any signing authority requiring church council approval should be noted in the minutes.
- **Contact Information** – update contacts for government, associations, suppliers and banking. Note all correspondence and government forms should go to the church’s address not the treasurer’s home address.
- **Government Filings and Deadlines** – review filings and deadlines for the annual T3010, remitting payroll deductions, remitting GST/HST and filing for GST/HST rebates, corporation annual returns, etc.
- **Time-Sensitive Remittances** – find out when payroll deductions, benefit remittances, synod remittances, insurance premiums, etc., are due.
- **Financial System & Bank Reconciliations** – review current budget, cash handling, donation and cash receipts ledgers, expenditure controls and ledgers, bank reconciliations, the general ledger, internal and external financial statements, etc.
- **Other Financial Items** – review what investments are held, for what purpose and the term. Find out about any long term commitments for equipment and rental lease agreements, service contracts and capital projects. Are there any legal or other issues underway or that might be coming up.
- **Insurance** – review coverage, documentation and contact information.
- **Agendas** – review agenda items the treasurer is responsible for on church council and at the annual general meeting.
- **Back Ups** – review the computer back up system and frequency.
- **Records Retention** – review recommended policy in Treasurer’s Information Booklet.
- **Policies** – review policies specifically relevant to the treasurer, the salary review process and have an awareness of all other charity policies.
- **Past Minutes** – review minute copies of the past year and any other relevant historical information.

8B. Correspondence

It is recommended that all important documents, correspondence, banking information and government forms be mailed to the permanent address of the congregation. As volunteers in the church change from time to time, this would prevent any correspondence from being missed if the volunteer is no longer involved in the church.

8C. Books and Record Retention

The following provides some common examples of records and suggested retention periods.

Retain permanently:

- Financial ledgers, journals, and year-end financial statements
- Official receipts for income tax purposes and records applying to gifts where donor directed that funds be held for at least 10 years (endowments and ten year gifts)
- T4 and T4 Summaries
- Insurance policies
- Employment and payroll records as well as employment applications and performance reviews
- Minutes of meetings of church council, executive committee and members
- All governing documents and bylaws.
- Volunteer application forms
- Confidential record of reference checks
- NEW (2021) Canada Emergency Wage Subsidy applications and information should be maintained permanently. This information can include:
 - eligible revenue assumptions (e.g. identify parties at arms' length, parties not at arms' length, extraordinary income)
 - eligible remuneration assumptions (e.g. salary, housing allowance, etc.)
 - elections and why they were made
 - uncertain financial situation such as lack of offering revenue or building closure (to explain why subsidy was requested)
 - revenue declines
 - legislative interpretations

Copies of key documents and records should also be kept in a separate location (preferably off-site) for back-up purposes.

Retain for a minimum of 6 years after the year end to which they pertain:

- Invoices/receipt of payment
- Inventory records
- Donation records and church giving envelope records
- Bank reconciliations, bank statements and cancelled cheques
- Monthly trial balance and financial statement working papers
- Approved budgets
- Mileage logs
- GST/HST records
- Income tax receipts and all records backing up such gifts.

Books and records may be destroyed at an earlier time if CRA gives written permission for their disposal. To get such permission, complete and send in CRA Form T137, *Request for Destruction of Books and Records*.

Further information on record retention can be obtained in the CRA Information Circulars IT78-10R5 – *Books and Records Retention/Destruction* and IC05-1 - *Electronic Record Keeping*.

Planned Gift Records - When a congregation receives a planned gift, it is important to establish and maintain a file of information about the gift.

Contents - The gift file might contain any of the following types of documents:

- A will or copy of the relevant bequest clause
- Application for probate, or other form filed with the court or sent by the estate executor
- Insurance forms, such as beneficiary change form or absolute assignment (ownership transfer) form
- Endowment or gift agreement
- Annuity agreement
- Stock or mutual fund transfer form
- Correspondence with donor, executor, insurance company, etc.

Retention - It is prudent to retain these files permanently. Reasons include the following:

- If the donor has given direction on how the gift is to be used, or specified that the capital of the gift is to be retained in perpetuity, such directions have permanent effect. A congregation may be called upon to prove that it is fulfilling its legal obligations.
- A family member of the donor, or a member of the congregation, may have a question about how the gift was applied. It is important to have a complete record as reference for an answer to such questions. The written record is the only authoritative voice when it comes to determining “how my father wanted the money to be used”.

Storage and Access - Gift files should be kept with other important congregational documents in a secure location. Measures should be taken to protect them against accidental destruction and loss. The congregational council should have a policy statement concerning who has responsibility for custody of the files, and who has access to the information in them. If the donor has indicated that his/her identity or other information should remain confidential, appropriate steps must be taken to ensure that these wishes are respected.

8D. Information Technology

Sometimes we find that our church or synod is in need of assistance with information technology or computer system related matters either hardware or software. You may contact our Information Technology Coordinator Rick Natividad at rnatividad@elcic.ca or 204-984-9191 or call toll-free at 1-888-786-6707 Ext 191.

8E. Financial Controls

Congregations must ensure the following basic financial controls are in place:

With Respect To Cash Receipts – Required Financial Controls

- Two persons should be responsible for counting and recording cash receipts. Both counters should sign off the record of cash receipts for each particular count.
- The two persons responsible for counting must **not** be related.
- Upon completing and recording the count, the bank deposit is prepared and placed in safe-keeping until it can be taken directly to the bank.

With Respect To Cash Receipts – Desired Financial Controls

- The two-person counting teams should be rotated so the same two people do not always count together.
- The two-person team that counts and records the deposit should not include the Treasurer or Financial Secretary.
- If a deposit cannot be made immediately or if a night deposit is not available, a safe should be available to store the deposit until it can be taken to the bank. Some financial institutions have experienced tampering of their night deposit boxes. Do not leave your deposit in the night deposit box if it does not appear to be working properly. Place the deposit in another locked and safe location, delivering it to the bank on the next business day and notifying the bank of the suspected problem.

With Respect To Cash Disbursements – Required Financial Controls

- Two signing officers for cheques are required.
- Signing officers must not be related.
- Cheques must not be signed in advance and left blank.
- Prior to signing cheques, supporting invoices and vouchers must be reviewed and initialed by cheque signatories where applicable.

With Respect To Cash Disbursements – Desired Financial Controls

- Cancelled cheques should be returned with bank statements. Some financial institutions now provide a copy of the cheque front and back with the monthly bank statements rather than returning the original cheque.

With Respect to Online Disbursements – Required Financial Controls

- Password only access to internet banking
- On a regular basis – weekly, if transactions are done on a weekly basis or monthly, if transactions are done on a monthly basis – the second signatory to the bank account to review a print-out of the online transactions and the supporting documentation (invoices and vouchers).
- Both the supporting documentation and the online transaction report to be initialed by two cheque signatories. The online transaction report to be retained in a file for audit purposes

Monthly Reporting

- Monthly review of revenue and expenditures by the congregational council.
- Monthly review of bank statement and bank reconciliation by a representative of the congregational council.

Other Reporting

- The representative of the congregational council who reviews the bank statements and reconciliation should periodically inform the church council that all statutory remittances have been made. Board members are personally liable if certain payments such as CPP, EI and incomes taxes are not submitted.

Annual Audit

Congregational councils should consider a formal audit when size and resources allow. However, if not financially feasible, an option is to have two unrelated individuals knowledgeable in finances to review the financial records.

The preparation and review of annual financial statements and records are to be done on a timely basis by persons not involved in the day to day financial administration. The essential areas to be reviewed include the following:

- Cheques reviewed for two signatures, proper payee corresponding to related supporting documents (invoices or expense claims), and cheque endorsement corresponds to payee;
- Bank deposits compared to the bank statements, signed counting records, and monthly bank reconciliations; and
- Financial statements compared to the previous year and budget on a line-by-line basis and any unusual fluctuations explained.

8F. Budgeting

The church's budget is one of the most effective tools available for proper stewardship of a church's assets and for accomplishment of the church's overall mission. Budgeting is the allocation of the church's resources – in accordance with a plan – to achieve the church's objectives and goals.

The budgeting process is a time for reviewing all programs to determine (or re-determine) whether they fit within the goals of the church and its long-range plans. In this way, new programs may be added and programs no longer needed may be reduced or eliminated. The goal of the final budget should be to support the funding needs related to each program included in the budget to the fullest extent possible.

A good congregational budget does the following:

- Helps build a vision for the year ahead
- Helps the congregation to implement and prioritize current programs or ministries
- Provides a way for the church members to work together
- Gives direction for using available funds
- Encourages accountability and transparency
- Challenges members to provide funds to ensure that the work of the congregation can be carried out
- Authorizes congregational leaders to act within guidelines.

Budget Preparation & Approval

Preparations for the budget for the upcoming year should begin in the fall. A budget should be prepared for the operating fund, capital expenditures, and any other special purpose funds. The completed budget document should consist of a narrative budget and a line item budget.

The narrative budget is a representation of the line item budget in simple, easy-to-read descriptive terms. It transforms a line item of revenues and expenses into a picture of ministries and missional expressions of the congregation. Consider using a pie chart that uses ministry areas to depict the budget visually. A narrative budget helps the members of the congregation understand what the church is doing.

The line item budget shows anticipated income and anticipated expenditures at a detailed level. Revenue sources could include offerings, donations, investment income, designated giving, and rental income. For expenditures, you will need to include salaries, benefits, occupancy costs (utilities, maintenance, amortization, etc.), insurance, professional fees, office, program, committee and other expenditures required to support congregational ministry.

Capital budget expenses are usually larger items which last for a period longer than one year and include such items as office equipment, furniture and fixtures, construction, a new roof or replacement of the HVAC system. All capital items should be approved by council and purchased through a competitive bidding process to obtain the best price or service. Funds can be allocated from the operating budget or raised through special offerings or fundraising appeals.

Budget figures can be determined by using actual experience from the most recent year as well as any new information. The budget must be attainable but will likely include some stretch goals.

The budget is to be prepared by the Finance Committee with input from staff or program committees, approved by Church Council, and recommended to the congregation for approval.

Monitoring

Financial statements should be produced monthly and the statement of revenues and expenditures should include a column for the budget. The congregational treasurer should monitor actuals as compared to budget on a monthly basis and highlight significant deviations to Council so that appropriate action can be identified and implemented, if necessary.

8G. Cash Flow Management

Just as it is important to budget monthly income and expenses, it is equally important to budget cash flow. Because most churches receive income in an uneven stream (for example, a slow-down during the summer due to vacations or perhaps during the winter if many snowbirds go south), budgeting for periods of feast and famine is necessary so that the church can meet its obligations in a timely manner.

The amount of cash the treasurer will want to keep in an account may depend on various factors, including:

- the timing of cash flow, pledge payments, investment income versus expenses, monthly bills and large expenditures;
- the available borrowing power of the church to meet emergencies; and
- the maintenance of a good banking relationship and the minimum balance requirements on the bank accounts.

To prepare a cash flow budget, estimate the amount of revenue coming in either monthly or quarterly and the timing of when expenses are to be paid. The difference between revenues and expenses will be the amount either available to be invested until a later period or needed from credit sources.

8H. Congregation Investments

There is a standard of care that is imposed on the directors and officers of a charity which affects the actions and activities of individuals who govern the affairs of a charity. The standard of care also addresses the extent to which the directors of a charity may delegate their responsibilities.

The legal landscape for Canadian charities is complex. Canadian registered charities are subject to overlapping legal authorities, which include the Income Tax Act (Canada), common law of charity, and provincial trustee acts.

In Canadian law, trusts are a provincial responsibility. Every province has a trustee act, which is relevant to the management of charitable investments. Charities should seek legal guidance to understand the obligations in their province, as there are distinctions despite many common principles.

One of the key concepts in the modern trustee act is the obligation to be a “prudent investor.” In investing trust property, a trustee must exercise the care, skill, diligence and judgment that a prudent person would make in making investments.”

The following can be used as a guideline but congregations will have to check that it is compatible with the law in their province. Congregations will have to review the investment criteria and make their own decisions on what the investment policy should be, based on their needs and circumstances (e.g., risk tolerance, percentages invested in equity or bonds). In addition, congregations may wish to limit their investments to those that are socially responsible.

To be a prudent investor, the congregation is required to have an investment policy and a monitoring system to oversee the implementation of such a policy.

Purpose

Policy is the key instrument for the congregation council to translate applicable laws into good governance. With the advent of modern trustee acts and the concept of the prudent investor, there is a corresponding demand for documentation. Policy is required to show that trustees have a prudent plan, are exercising direction and control over investment managers and have defined key concepts. The development of an investment plan and an agreement with investment manager are required.

The investment policy sets out guidelines for the church council, the investment committee (if applicable) and staff to:

- identify dollars available for investment,
- determine the appropriate investment types and duration,
- measure the acceptable rate of return, and,
- generally assist church council in meeting its fiduciary duty with respect to making informed investment decisions.

The following is a list of seven criteria related to planning the investment of trust property that the congregation should consider when making investment decisions.

- General economic conditions;
- The possible effect of inflation or deflation;
- The expected tax consequences of investment decisions or strategies;
- The role that each investment or course of action plays within the overall investment portfolio;
- The expected total return from income and the appreciation of capital;
- The need for liquidity, regularity of income and preservation or appreciation of capital; and
- An asset’s special relationship or special value to the purposes of the trust or one or more of the beneficiaries.

Investment Policy

In practice, the key policy document is an investment policy. The investment policy document is a risk management tool that states goals, responsibilities, and limits of delegated authority from the church council, the investment committee and the investment manager. It also helps articulate expectations. Here are some of the elements typically found in an investment policy:

- Goals for returns based on spending requirements and inflation assumptions. Best to state as a range over a period of a number of years.
- Decision-making process and timetable, i.e. meetings per year, review periods.
- Roles of parties (church council, investment committee, staff and investment manager).
- Approved assets and asset mix by range.
- Constraints, i.e. asset quality rating.
- Benchmarks for evaluating performance.
- Diversification, to the extent appropriate.
- Other criteria for reviewing investments, i.e. social responsibility measures.

The church council is responsible for approving the policy once drafted by church council or the investment committee. Any recommendations for changes to the investment policy by the investment committee or manager need to be approved by church council. Soliciting input of investment managers is important, as sometimes assumptions are made at the drafting stage that may not be practical in implementation.

It is important to ensure that the investment policy document is reviewed regularly. Compliance with the policy is non-negotiable, and typically the policy needs input from the investment manager to ensure both sides are aware of regulatory or investment instrument limitations.

Investment Manager

The investment manager is a firm who shall invest the funds in accordance with the general directives given to them by the church council. Specific target rates of return will be established with the investment manager at the beginning of their appointment and on an annual basis thereafter. Such rates of return shall be measured against established benchmarks. Prudent selection of a qualified investment manager, a written agreement with the manager and ongoing monitoring of the manager is required.

Reporting

Monthly investment statements should be received from the investment firm and reviewed by church council to ensure that the investment portfolio and performance is in full compliance with the investment policy.

Review of Performance and Policy

The church council needs to meet at least annually with the investment firm manager to review the results of the investment portfolio to determine whether the performance benchmarks have been met.

The economy, the investment environment and the investment opportunities/challenges that the organization faces are constantly changing. To that end, the investment policy needs to be reviewed at least every three years at a meeting of church council to ensure that it is still appropriate for the circumstances then present.

Conclusion

The above is provided as a general guideline to assist congregations. Appropriate modifications are required to suit the facts applicable to each congregation's situation and their province's trustee act.

By having formal policies and procedures, you will demonstrate that your congregation is a prudent investor and a trustee that is dedicated to advancing the charitable purpose.

8I. Hiring a Contractor

Before hiring a contractor for repairs and maintenance to your church, you need to ensure that you obtain a clearance certificate from your provincial Workers Compensation Board which proves that the business/contractor is registered with the Workers Compensation Board and that their account is in good standing. Obtaining a clearance certificate will clear you of liability should the contractor default on premiums for WCB. You should obtain a clearance prior to releasing any payments to companies you hire.

Check with your provincial WCB website for further information on what is required in your province.

8J. T5 Summary and Supplementary

The T5 forms are used to report interest paid to individual investors if the congregation has issued trust certificates on which interest is paid. This does not include interest paid to a bank on a bank loan. These forms are to be filed annually before the last day of February.

If you are required to file these forms, you can download the *T5 – Statement of Investment Income* (slip), the *T5SUM – Return of Investment Income* (summary form), and the *T5 Guide – Return of Investment Income (T4015)* for assisting in the completion of the forms from the CRA website at <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/slps/fnncl/t5/menu-eng.html>. CRA also provides PDF and PDF fillable forms for both the T5 slip and the T5 summary which you can download from the above location on their website.

These publications and forms are also available by contacting CRA Forms & Publications at 1-800-959-2221.

You are required to file information returns electronically if you file more than 50 T5 information returns (slips) for a calendar year. Mandatory electronic filing relates to the date of filing, not the tax year of the returns being filed.

8K. GST/HST

Goods and services tax (GST) or harmonized sales tax (HST) is a tax that applies on most supplies of goods and services made in Canada. Some participating provinces have harmonized their provincial sales tax with GST to create the HST. HST applies to the same base of goods and services as GST. The current GST/HST rates are as follows:

	Rate	GST or HST	Federal Part	Provincial Part
Alberta	5%	GST	5%	0%
British Columbia	5%	GST	5%	0%
Manitoba	5%	GST	5%	0%
New Brunswick	15%	HST	5%	10%
Newfoundland and Labrador	15%	HST	5%	10%
Northwest Territories	5%	GST	5%	0%
Nova Scotia	15%	HST	5%	10%
Nunavut	5%	GST	5%	0%
Ontario	13%	HST	5%	8%
Prince Edward Island	15%	HST	5%	10%
Saskatchewan	5%	GST	5%	0%
Yukon	5%	GST	5%	0%
Quebec	5%	GST	5%	0%

Check the CRA website at www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/menu-eng.html for information on GST/HST and http://www.revenuquebec.ca/en/entreprise/taxes/tvq_tps/default.aspx for the Quebec website.

GST Public Service Bodies' (PSB) Rebates - Registered charities are entitled to claim a 50% rebate of the GST paid on eligible purchases and expenses or 50% of the federal part of the HST paid on eligible purchases and expenses.

The GST rate and federal part of the HST is currently 5%. If the expense is one on which GST is normally paid, but the GST is not clearly shown on the receipt as a separate amount, the GST has most likely been included and can be calculated using this formula:

Total Payment x 5/105.

Example - \$15.00 x 5/105 = \$0.72 GST included in the \$15

The GST rebate claim Form GST66 or the personalized version Form GST284 (*Application for GST/HTS Public Service Bodies' Rebate and GST Self-Government Refund*) are to be submitted annually unless you have elected to file your GST/HST returns more often than the period initially assigned. To file more frequently, complete and file Form GST20, *Election for GST/HST Reporting Period* or call the CRA at 1-800-959-5525. PDF and PDF fillable rebate forms are available on the CRA website.

If your congregation is resident in a participating province that has the HST, you need to complete a separate form to get the PSB rebate for the provincial part of the HST paid. Complete Form RC7066-SCH, *Provincial Schedule – GST/HST Public Service Bodies' Rebate*, to claim a rebate for the provincial part of the HST. Complete only the lines that apply to your province of residence and your activity type(s). The total provincial amount claimed on the provincial schedule is entered on line B of Part E of the rebate application (Form GST66, *Application for GST/HST Public Service Bodies' Rebate and GST Self-Government Refund*). Attach a copy of the provincial schedule, Form RC7066 SCH or GST284 SCH (personalized rebate application), to your rebate application.

In order to claim the PSB rebates for the federal and provincial parts of HST, you will have to separately track the federal and provincial parts of HST to make a PSB rebate claim.

If you are not a resident of a participating province, you are not eligible for a PSB rebate of the provincial part of the HST. PSBs not resident in a participating province can claim a PSB rebate only for the federal part of the HST incurred in participating provinces in addition to any PSB rebate for GST incurred.

For a copy of the GST/HST Public Service Bodies' Rebate guide RC4034 and the rebate forms, check the CRA website at www.cra-arc.gc.ca/tx/bsnss/tpcs/gst-tps/rbts/psb/menu-eng.html.

8L. Federal Gasoline Excise Tax Refund Program

If a registered charity reimburses volunteers or employees for use of the individual's automobile, a federal gasoline excise tax refund may be claimed. The refund is either \$0.0015 per kilometer driven and reimbursed or \$0.015 per litre of gasoline purchased. The rebate may be applied for using the form "XE8 – *Application for Refund of Federal Excise Tax on Gasoline*". A PDF or PDF fillable form is now available. The form and instructions can be located on the Service Canada website at http://www.servicecanada.gc.ca/eng/goc/gasoline_tax_refund.shtml.

Example:

If 50,000 km is reimbursed, the refund would be 50,000 km x \$0.0015 = \$75

Or

If 5,000 litres of gas is purchased, the refund would be 5,000 litres x \$0.015 = \$75

9. CHARITABLE STATUS

9A. Basic Guidelines for Maintaining Charitable Registration

Following is a checklist outlining basic guidelines to help registered charities identify and comply with the legal requirements for maintaining registration. For detailed information on each of these requirements, visit the Canada Revenue Agency (CRA) Web site at www.cra.gc.ca/checklists.

- Engage only in allowable activities
- Keep adequate books and records
- Issue complete and accurate donation receipts
- File annual T3010 information return
- Maintain the charity's status as a legal entity
- Inform the Charities Directorate of any changes to the charity's mode of operation or legal structure

9B. Tax Filing Requirements for a Charitable Organization

All ELCIC congregations that are registered charities are annually required to complete the Registered Charity Information Return Form T3010. Failure to complete this annual return will result in a \$500 penalty in addition to having your charitable registration status revoked. Your congregation will be required to pay this penalty before a request for re-registration is considered. If a congregation loses its charitable status, the donation receipts issued by the congregation will not be deductible on the income tax returns of the donors.

The T3010 form is to be completed and filed annually within six months of your fiscal year-end and is to be accompanied by the congregation's financial statements. A copy of the return should be kept with the congregation's files for reference in the following year.

It is recommended that church council make a permanent agenda item for the same council meeting each year to approve the T3010 and authorize someone to sign it. This way, the church council will know it has been done and the charity's status is protected.

Be sure to have all important documents and forms mailed to the permanent address of the congregation so that filings won't be missed if the member who usually completes the form is no longer involved with the congregation.

You can find information about the T3010 Registered Charities Information Return at <http://www.cra-arc.gc.ca/E/pbg/tf/t3010/>.

You can obtain the updated Guide T4033-1, *Completing the Registered Charity Information Return*, and form T3010 on the CRA web site [forms and publications](#) pages. Guide T4033-1 is an important tool that will help you complete Form T3010-1. For a paper copy or help finding or working with the electronic version of the guide, call the Charities Directorate at 1-800-267-2384. For definitions of the key terms used in the guide, please see the CRA website [charities glossary](#). If you require further assistance, contact your synod treasurer or the Charities Directorate. See pages A-3 & A-4 for contact information.

Changes to the Registered Charity Information Return

The 2010 federal budget proposed several measures affecting registered charities. Most significant are the changes to a registered charity's disbursement quota. The *Registered Charity Information Return* has been revised to reflect these changes. See the following [here](#) for further details:

Designated Gifts

The March 2010 federal budget introduced changes to the disbursement quota requirements that apply to all registered charities. Charities that transfer gifts to another charity with whom they do not deal at arm's length trigger time-sensitive spending requirements for the receiving charity. The receiving charity must spend the entire gift on charitable activities, excluding administration, by the end of the following year. If not, the receiving charity could be assessed a financial penalty of 110 percent of the unspent amount. Revocation is also possible. The time limit does not apply if the gift is designated by the gifting charity before the transfer.

The first step in the process is to determine whether the charities are operating at arm's length. The Income Tax definitions are difficult to apply because they are not charity specific and must be applied on a case-by-case basis according to the facts of each situation. Although CRA is aware that there is no simple rule that can be applied by all charities to determine whether or not they are operating at arm's length, CRA intends to provide guidance in the future.

The National Office has sought advice from our legal counsel to determine whether the nature of the relationships between the ELCIC, its synods and its congregations are at "arm's length" or "non-arm's length". This review seems to indicate that the ELCIC's relationships with its synods and its congregations can be characterized as non-arm's length.

The second step in the process is to determine whether the receiving charity will spend the full amount of all inter-charity gifts such as benevolence prior to the end of the following fiscal period. If the receiving charity will spend the full amount in the following fiscal period, then an inter-charity gift designation is unnecessary even if the charities are non-arm's length, and you not need to do step three. Unless the receiving charity has income from sources that are arm's length such as earned income, this possibility may not apply. The Canadian Council of Christian Charities (CCCC) indicates that most charities will not qualify. No undesignated funds received from non-arm's length charities may be used for administrative or other non-charitable activities, like fund raising. The receiving charity will need to keep records confirming the funds have been spent appropriately and on time.

The third step is to designate the inter-charity gifts such as benevolence as designated gifts. Both the giving and receiving charities should agree as to whether an inter-charity gift should be designated.

As congregations generally receive the majority of their income from receipted donations (and receive relatively little or no income in the form of gifts from other registered charities), most should have little difficulty meeting the new requirement. However, one of the unintended consequences of this change is that organizations such as the synod that receive almost all of their income from other charities (e.g. regular benevolence offerings sent from congregations to the synod) have minimal flexibility unless the gifting charity classifies these as "Designated Gifts".

Without a "Designated Gift" classification, the synod would be obligated to spend all money received in the previous year and would not have the option to carry forward even a minimal amount of unspent funds to help cover deficits or additional needs that may be required in subsequent years.

Because it is important that the synod and other similar bodies maintain this flexibility, the Canadian Council of Christian Charities, an organization that provides advice on legal and regulatory matters such as this, suggests that congregations make an agreement with their denominational office. In our case, this agreement would classify the regular benevolence offerings that your congregation remits to the synod as "Designated Gifts".

Note that although you will not be able to include these Designated Gifts in the calculation in your yearend T3010 return that is used to determine whether your expenditures exceeded the amounts that were received from other charities in the previous year, this should not affect your congregation's ability to demonstrate that it is satisfying the new requirement (unless your congregation receives most of its income in the form of gifts from other charities and not from donations that are received by the congregation).

Following is a sample form based on the CCCC option that your synod may request you to complete and return.

Name of Treasurer	
Treasurer, [Insert Synod name]	
Synod Address	
City, Province, Postal Code	
 INTER-CHARITY GIFT DESIGNATION AGREEMENT	
 The congregation of [Insert name of congregation] located in [Insert city & province of congregation] agrees to classify all offerings to regular benevolence given to the [Insert Receiving Charity Name (Synod)] of the Evangelical Lutheran Church in Canada in [Insert Year] and subsequent years as "Designated Gifts" as defined by the Income Tax Act. It is understood that the congregation has the right to change this designation at any time in the future by providing written notice.	
Signature (1):	_____
Position in Congregation:	_____
Date:	_____
 Signature (2):	 _____
Position in Congregation:	_____
Date:	_____

9C. Fundraising Activities

The CRA accepts that registered charities may incur costs in their efforts to raise funds for their charitable work. However, their expectation is that these expenses will be reasonable.

Fundraising is not a charitable activity. A registered charity can raise funds to support its charitable purposes, but:

- If the fundraising activity becomes the primary emphasis of the charity, then it is not operating for exclusively charitable purposes; and
- If a substantial portion of the charity's revenues is devoted to the fundraising activity, it is not considered to be devoting its resources to charitable activities.

Spending excessive amounts on fundraising could also result in the charity not meeting its disbursement quota (spending requirement).

A registered charity that engages in fundraising as a primary activity, or that devotes a substantial portion of its revenue to fundraising activities, is putting its registered status in jeopardy.

For more information on fundraising activities, go to [Guidance CG-013, Fundraising by Registered Charities](#).

Fundraising Events - General guidelines for issuing receipts applicable to all fundraising events or activities

The value of any complimentary benefits provided to all participants for attending a fundraising event (for example, pens and key chains) and the value of door and achievement prizes that all attendees could receive by simply attending the event must be totalled and allocated on a pro rata basis to all participants. The allocated value of complimentary benefits must be deducted from the fair market value of the gift before a receipt can be issued for the [eligible amount](#) of the gift, unless the [de minimis rule](#) can be applied.

For the purpose of applying the de minimis rule, complimentary benefits, such as door prizes and achievement prizes should be calculated separately from "main event" benefits, for example, the meal at a fundraising dinner, concert tickets, the green fees and cart rentals at a golf tournament, etc. The calculation should be done as follows:

- If the complimentary benefits fit within the de minimis threshold, then only the fair market value of the "main event" benefits should be deducted from the fair market value of the gift to determine the eligible amount of the receipt.
- If the complimentary benefits do not fit within the de minimis threshold, then the value of both the complimentary benefits and the main event benefits must be deducted from the fair market value of the gift to determine the eligible amount of the receipt.

For more information on general guidelines on the CRA website, see <http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/rcpts/fndrsng-eng.html>.

9D. Political Activities

In 2012, the Government of Canada introduced measures that affect registered charities and political activities as outlined on the CRA website at <http://www.cra-arc.gc.ca/chrts-gvng/chrts/cmmnctn/pltcl-ctvts/rcntchns-eng.html>.

Gifts intended to support a qualified donee's political activities

- Under the *Income Tax Act*, gifts from a registered charity to a qualified donee that are made to support the recipient's political activities must now be reported as a political activity. (A qualified donee is an organization that can issue a receipt to a donor, which can be used to reduce the donor's Canadian income tax.)

When is a gift from a charity to another qualified donee a political activity?

- A gift from a charity to another qualified donee is a political activity if it can reasonably be considered that a purpose of the gift is to support the political activities of the qualified donee.
- If the donor charity intends the gift to support the recipient's political activities, then the gift is to be considered a political activity by the donor charity, regardless of the ultimate use of the gift.
- This rule applies to gifts made to qualified donees after June 29, 2012.

Sanction

- Under the *Income Tax Act*, a charity that exceeds the limits for political activities or engages in partisan political activities may have its registration suspended for one year.
- During a suspension, a charity may not issue official donation receipts or receive gifts from other registered charities.
- Charities who engage in serious non-compliance with the rules governing political activities continue to face possible revocation of their registered status.

Reporting requirements

Form T3010, *Registered Charity Information Return*, has been updated to reflect the changes:

- Section C5 of Form T3010 allows for the reporting of:
 - gifts to qualified donees intended to support political activities; and
 - funding received from outside Canada, that the donor directed the charity to use for political activities.
- Schedule 7, *Political Activities*, is to be completed if a charity reported conducting political activities in Section C5. The schedule collects information on:
 - the type of political activities carried out and how these relate to the charity's charitable purposes, as well as the methods and type of resources used; and
 - the amount, the political activity, and the country of origin for any foreign funding that the charity was directed to use for political activities.
- Form T1236, *Qualified Donees Worksheet / Amounts Provided to Other Organizations*, allows for reporting of specific gifts to qualified donees for their political activities.

9E. Public versus Private Benevolence

A church must meet the law's public benefit test in order to qualify for registration as a charity. This means that it must show its purposes and activities provide a tangible benefit to the public as a whole or a significant section of it. Canadian registered charities may only engage in public benevolence and not private benevolence.

The courts have held that an organization established to benefit a named individual or a private group (for example, a professional association) is established for private benevolence and therefore not charitable at law. Even if no receipt is issued, no funds can be given for a named individual. A church should also guard against limiting the help it offers to a narrow group such as providing exclusive assistance to members of the congregation only.

Any church that engages in benevolence programs would benefit by having a clear, written policy. This policy should be approved by church council and should specify what kind of assistance may be provided, in what situations it may be provided, and what approvals are necessary. This will assist in administering the benevolence fund in a fair and consistent manner.

The policy should include the purpose that is consistent with the charitable purposes and objects of the ministry, the assessment of need, the levels of assistance or support, eligibility, funding, and the evaluation of need and documentation.

9F. Foreign Activities

According to the *Income Tax Act*, a registered charity can only use its resources (for example, funds, personnel, and property) in two ways, whether inside or outside Canada:

- on its own activities (those which are directly under the charity's direction, control and supervision, and for which it can account for any funds expended); and
- on gifts to qualified donees.

Own activities

A charity usually carries on its activities using its staff (including volunteers, directors, or employees), or through an intermediary (for example, an agent or contractor). However, when using an intermediary, it must still direct and control the use of its resources, although it may generally delegate authority to make day-to-day operating decisions. A charity cannot merely be a conduit to funnel money to an organization that is not a qualified donee.

Direction and control when using intermediaries

An intermediary is a person or non-qualified donee that is separate from the charity, but that the charity works with to carry out its own activities.

The Canada Revenue Agency (CRA) requires that a charity take all necessary measures to direct and control the use of its resources when carrying out activities through an intermediary. When carrying out activities through an intermediary, the following steps are strongly recommended:

- Create a written agreement with the intermediary, and implement its terms.
- Communicate a clear, complete, and detailed description of the activity to the intermediary.
- Monitor and supervise the activity.
- Provide clear, complete, and detailed instructions to the intermediary on an ongoing basis.
- Arrange for the intermediary to keep the charity's funds separate from its own, and to keep separate books and records.
- Make periodic transfers of resources, based on demonstrated performance.

A charity must maintain a record of steps taken to direct and control the use of its resources, as part of its books and records, to allow the CRA to verify that all of the charity's resources have been used for its own activities.

For more information on Canadian registered charities carrying out activities outside Canada, see the CRA website at <http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/tsd-cnd-eng.html>.

10. OTHER INFORMATION FOR TREASURERS

10A. Personal Information Protection and Electronic Documents Act (PIPEDA)

Effective January 1, 2004, the *Personal Information Protection and Electronic Documents Act* (PIPEDA) came into force for all organizations. In November 2003, National Church Council (NCC) adopted a Policy to Protect Personal Information in the ELCIC. This policy ensures that the personal information provided to us from ELCIC members is collected, used and protected appropriately. To ensure your congregation or organization is properly protected, it is recommended that PIPEDA be followed.

Personal information covers all information an organization collects, retains or uses that can in any way identify or give information about an individual. It does not include the name, title, and business address or business contact information of an organization's employee.

In order to protect personal information, PIPEDA lays out ten principles that an organization's privacy policy should reflect:

1. Accountability
2. Identifying Purposes
3. Consent
4. Limiting Collection
5. Limiting Use, Disclosure and Retention
6. Accuracy
7. Safeguards
8. Openness
9. Individual Access
10. Challenging Compliance

The national office privacy policy and compliance practices are located on the ELCIC web site at <http://elcic.ca/About-the-ELCIC/Privacy-default.cfm>.

Congregational treasurers, as well as anyone in the congregation that has access to personal information (personnel files, home contact information, donor information, etc.) should be asked to periodically review this information and be aware of the policies and procedures of the ELCIC.

For questions or queries regarding the Policy to Protect Personal Information in the ELCIC, please contact:

Trina Gallop Blank, ELCIC Privacy Officer
Evangelical Lutheran Church in Canada
Phone: 204-984-9172
Email: tgallop@elcic.ca

10B. Canada's Anti-Spam Legislation

Canada's new Anti-Spam Legislation (CASL) came into effect on July 1, 2014. This new law assists in protecting Canadians and reducing the effects of spam, while also ensuring that organizations can still communicate effectively via electronic means.

There is much confusion about how this legislation impacts non-profits, specifically churches. While the rules may seem daunting, there are some simple steps to ensure you and your electronic communication protocols are in compliance.

As per the legislation, this governs the sending of Commercial Electronic Messages (CEMs) to or from an electronic address in Canada. A CEM is defined as:

An electronic message that, having regard to its content, or its links, or the contact information provided, would reasonably be determined to have as a purpose encouraging participation in a commercial activity.

If you are advertising, promoting, marketing or offering a product, good or service, the message would be considered a CEM and must adhere to the anti-spam legislation.

When in doubt, you are encouraged to comply with the CASL requirements.

All messages, whether exempt from the legislation or not, will adhere to CASL requirements by following three steps:

1. Obtain consent, either expressed or implied, based on your relationship with the recipient. You can confirm someone's consent by providing an option to subscribe to your communication, and third-party services are available to support this process.
2. Confirm identity and clearly identify yourself or the person/group the message is being sent on behalf of. Phone numbers and email, web and mailing addresses should all be easy to find on communication you send out electronically.
3. Allow unsubscribes by providing an easy way for recipients to unsubscribe from receiving future messages. This may take the form of a button that automatically generates a response, allowing someone to confirm their request on a website, or it could simply be an email address to someone who manages the distribution list. The request must be processed within 10 business days.

Full details and examples on the new Canada Anti-Spam Legislation is available on the ELCIC website at: <http://elcic.ca/Documents/documents/2014CASLOverview-FINAL.pdf>

Additional information is available at: www.crtc.gc.ca/eng/casl-lcap.htm

To discuss any concerns you may have about your church's electronic communication and CASL, contact:

Trina Gallop Blank, Director of Communications, ELCIC
tgallop@elcic.ca, phone: 1-888-786-6708 (ext. 172)

10C. Registration with Companies/Societies Acts

Depending on provincial law, there will be annual forms to file with the province. Completing these forms maintain the congregation as a corporation so that it can hold title to property and limit liability of members, etc. In most provinces, a copy of the latest audited financial statement will have to be submitted to the registrar of companies with the annual filing. For further information, check your provincial government's website under the corporations or business branch or registry.

Ontario Not-For-Profit Corporations Act

Ontario nonprofit organizations have some new legislation to keep up with. Click [here](#) for more or contact Wendell Grahlman, Eastern Synod Secretary (wgrahlman@elcic.ca).

11. PAYROLL AND T4 FORMS AND WORKSHEETS FOR CALCULATING PAYROLL

As of 2014, ELCIC Group Services Inc. (GSI) will be updating the payroll, T4 information and the examples for calculating payroll for clergy previously provided in Treasurer's Information Booklet. This payroll information has been combined with the pension and benefits information on the GSI website at www.elcicgsi.ca. All the human resource information is now conveniently located in one place which is on the GSI website.

12. SYNOD REMITTANCE FORMS

Synod Remittance Forms can be downloaded from the Treasurer's section of the ELCIC website at <http://elcic.ca/Treasurer-Resources/Forms.cfm> in PDF or Excel formats.