



MEMORANDUM

To: Congregational Treasurers and Pastors

From: Keith Myra, Eastern Synod Treasurer

Date: December 5, 2016

Re: 2016 Year-end and Other Important Financial Matters

This communication was emailed to all congregational pastors and sent by hardcopy to congregational treasurers. To facilitate access to the URL link references, a copy has also been posted on-line – to find the on-line version, go to the home page of the Eastern Synod website (www.easternsynod.org), click on the orange “Treasurers/Financial Info” button and check the “News Updates” section.

If you have questions related to this communication or other financial matters, please feel free to contact me:

Keith Myra
Eastern Synod Treasurer
Telephone: (519) 886-4423
email: kmyra@elcic.ca

This communication contains information about the following items that I am highlighting for your attention:

- 2016 year-end close date
- Your congregational benevolence commitment for 2017
- Change to CRA regulation regarding retention period for offering envelopes
- 2017 compensation schedule
- Donation of Securities
- ELCIC GSI pension deductions for those providing occasional supply or interim ministry to your congregation

- Authorized Appeals for 2017
- ELCIC Resources
- Other Helpful Reminders

For details, please read on!

A. 2016 YEAR-END CLOSING

The Synod's books for 2016 will close at noon on Friday, January 20th, 2017. All remaining remittances of benevolence and other offerings must be received at the synod office by this date in order to be credited for 2016. Please note that due to the synod's tight year-end and auditing schedule, no extensions will be possible.

Earlier this fall you received a letter from Bishop Michael Pryse and me requesting that you:

1. Continue to make your monthly remittances on a timely basis
2. Continue to hold up the ministries of the wider church to your members and encourage them to be generous in their offerings
3. Take what steps you can to meet or exceed your 2016 benevolence commitment if you made one, or last year's total if you didn't

As of November 30th, 2016, year-to-date remittances received by the synod office to benevolence were running 2% less than those received for the same period in 2015. With your partnership, we are hopeful of being able to close our books for 2016 in a break-even position.

Although the preferred practice is that benevolence and other offerings directed to the synod be given (and receipted) through the local congregation, occasionally gifts are sent directly to synod office. As is the case in each congregation, ***if a donation is received after December 31st, 2016, the synod will not be able to date it for the 2016 taxation year.***

The fourth quarter statements for 2016 will be mailed to congregational treasurers and chairpersons around January 31, 2017. When these arrive, please check your statement closely as these figures will be included in the year-end audit of the synod's financial statements. Should you note any discrepancies from your records please report these to:

Sue Heimpel, Assistant to the Treasurer
 Eastern Synod of the ELCIC
 74 Weber Street West
 Kitchener Ontario N2H 3Z3
 Telephone: (519) 743-1461 or 1-877-373-5242 (toll free)
 email: sheimpel@elcic.ca

B. LOOKING AHEAD TO 2017

At its meeting in early November Synod Council was forced to make some difficult decisions to reduce the 2017 and 2018 synod budgets in several areas due to an overall decline in benevolence offerings in recent years. These decisions will be communicated in the December issue of The Eastern Synod Lutheran.

As you develop and approve your 2017 congregational budget, Bishop Pryse and I request that you and your church council prayerfully consider the benevolence goal challenge that was presented in the letter that I referred to in the previous section.

Early next year your congregation will receive information about the synod's 2017 budget in narrative format via a hardcopy sample and link to an on-line version that can be downloaded and distributed to your members. I am hopeful that this document will be helpful in communicating information about some of the ministries that are supported by your benevolence dollars to your congregational leaders and members. Thank you, in advance, for the important role that you play as an advocate for the ministries of the wider church!

Pastors, please keep in mind that you are responsible for ensuring that your congregation's 2017 "Commitment Amount" to Regular (Undesignated) Benevolence, along with other items in the annual parochial report are submitted by the March 31st, 2017 deadline. The ELCIC national office will provide more information early in the new year.

When submitting your 2017 remittances to the synod office, please use the 2017 version of the Congregational Remittance form to accompany your cheque. As these forms change from year to year, using the current version of the form will help to ensure that your offerings are recorded accurately. For the convenience of congregational treasurers, a copy of the 2017 form has been included in your copy of this communication - please photocopy it or obtain additional copies from the synod website (www.easternsynod.org) by clicking on the orange Treasurer and Financial Information button and scrolling down to the "Forms" section. As in previous years a fillable PDF version will also be available on the website.

C. CHANGE TO CRA REGULATION - RETENTION OF OFFERING ENVELOPES

Earlier this year the Charities Directorate updated its position on the retention period for church offering envelopes. Effective retroactive to the 2015 tax year, these must now be kept for six years from the end of the tax year to which the envelope relates. This has changed from the previous period of two years to agree with the requirements of the Income Tax Act for the retention of source documents.

To receive up to date information about changes to CRA regulations affecting registered charities, you may wish to consider subscribing to CRA's electronic mailing list for its "Charities and giving – what's New" email publication. To subscribe, go to: <http://www.cra-arc.gc.ca/esrvc-srvce/mlst/sbscrbchrts-eng.html>.

D. COMPENSATION SCHEDULE

A copy of the synod's compensation schedule for 2017 is posted on the synod's website in the Treasurer/Financial section. Questions about information in this schedule should be referred to Assistants to the Bishop, Rev. Riitta Hepomaki (rhpomaki@elcic.ca; 1-877-373-5242) or Rev. Doug Reble (dreble@elcic.ca; 1-877-373-5242).

E. DONATIONS OF SECURITIES

Did you know that donations of securities and mutual funds provide a very tax-efficient way for donors to make charitable donations because tax on capital gains can be avoided for donors? To accept these types of donations you need a brokerage account. Did you know that the Evangelical Lutheran Foundation in Eastern Canada (ELFEC), a charitable foundation that serves congregations in the Eastern Synod ELFEC, offers to assist congregation by providing brokerage services to facilitate these types of donations? Also did you know that although organizations such as CanadaHelps.org, offer the same services, ELFEC offers these services at much lower fees? For further information email ELFEC's Director of Finance and Marketing, Krista Kuehnbaum (kkuehnbaum@elfec.ca; toll-free (1-888-308-9461)).

F. ELCIC GSI PENSION REMITTANCES - SUPPLY PREACHERS AND INTERIM PASTORS

In addition to pension deductions/contributions that congregations are required to make for pastors and other congregational employees enrolled (or eligible to be enrolled) in the ELCIC Group Services Inc (GSI) pension plan, government regulations require that employee and employer contributions be made to this plan in the cases of those plan members who provide occasional service to a congregation (or other ELCIC employer).

Pastors: If you are enrolled in the ELCIC GSI pension plan and doing supply preaching and/or interim ministry in another ELCIC congregation, you will want to ensure that the congregational treasurer deducts 7% from any payments you receive and that this (along with the 8% congregational contribution) is credited to your ELCIC GSI account.

Congregational Treasurers: If your congregation uses the services of a supply preacher or interim pastor who is enrolled in the ELCIC GSI pension plan, ensure that you deduct the 7% employee contribution from any remuneration received by the pastor and remit this, along with the congregation's 8% contribution, to the pastor's ELCIC GSI account.

G. AUTHORIZED APPEALS FOR 2017

The synodical constitution stipulates that "special appeals to congregations for the raising of funds shall require the consent of the convention or the synod council". Unfortunately, this approval is not always requested; as a result, congregations often receive numerous solicitations from church and community related organizations.

Although some members prefer giving to specific causes, a proliferation of special appeals can be counter-productive to the support of synodical ministries that are funded through regular benevolence dollars. These ministries are identified in the synodical budget and prioritized by synod council and convention/assembly as part of the budgeting process.

It has been the practice of Synod Council to provide some guidance to congregations by designating a limited number of authorized synodical appeals and by communicating these priorities to each congregation on an annual basis. (Congregations retain the freedom to support additional appeals as they deem appropriate.)

In addition to ELCIC approved ministries (e.g. Canadian Lutheran World Relief, ELCIC Praise Appeal, ELCIC Reformation Challenge), Synod council has authorized the following appeals for 2017:

- ***Outdoor Ministry General Appeal*** – in support of Camp Lutherlyn and Camp Mush-a-Mush
- ***St. Peter's Lutheran Church, Kitchener*** – CTV Television Ministry Appeal

It is understood that offerings for special appeals such as these are expected to be above and beyond, not in lieu of, regular benevolence offerings.

H. ELCIC AND ELCIC GROUP SERVICES INC. RESOURCES

The ELCIC national office and ELCIC Group Services Inc. provide excellent resources for congregational treasurers and others involved in congregational finances.

- ***The ELCIC Treasurer's Information book*** – The most current version is posted on the ELCIC website (www.elcic.ca - under "Resources - Treasurer's Resources")
- ***Payroll, Pension and Benefit Information*** – Detailed guidance on these matters, including several calculation worksheets, is available on the ELCIC Group Services Inc. website (www.elcicgsi.ca – under the "Employers" section). Information is updated throughout the year.

In addition, your congregation recently received a communication from the ELCIC national office announcing partnerships for two discount programs that are available to

congregations, one for office supplies (Novexo Office Supplies), the other for photocopying/printing services (Staples Copy and Print Program). For details refer to:

<http://elcic.ca/Treasurer-Resources/novexo.cfm>

and

<http://elcic.ca/Treasurer-Resources/copyandprint.cfm>

I. HELPFUL REMINDERS - CONGREGATIONAL FINANCIAL ISSUES

This final section highlights various pieces of information from my previous year-end communications that are of ongoing importance. In the interest of saving paper and postage costs, I have not repeated these details, but you can access more information about any of the following topics from the synod website (www.easternsynod.org), clicking on the orange “Treasurer/Financial Information” button on the centre of the home page and scrolling down to the “Other Financial References” section until you see the link to the “Helpful Reminders” document. Once there, you will find information on the following topics:

- Restrictions on transferring church property to other organizations
- The church is not a club – membership does NOT have its privileges
- Restrictions on transferring or borrowing from restricted funds
- Congregational investments
- Worker compensation - requirements and other considerations
- Employee gift regulations
- Registered Charity Information Return (T3010)
- Monthly Remittances to the Synod Office
- Pre-authorized remittance option for benevolence remittances
- Eastern Synod undesignated donations/bequest policy
- Summary of financial information posted on the Eastern Synod website
- Protecting congregational financial assets
- Assistance available to congregations receiving a bequest

If you don't have internet access and would like a copy of the above Helpful Information topics, please leave your name and mailing address with Sue Heimpel at the synod office (Toll Free Telephone: 1-877-373-5242) and she will mail a printed copy to you.

Wishing you and your family a Blessed Advent and Christmas season and all the best in the year ahead!

