



MEMORANDUM

To: Congregational Treasurers and Pastors

From: Keith Myra, Eastern Synod Treasurer

Date: December 4, 2017

Re: 2017 Year-end and Other Important Financial Matters

This communication was emailed to all congregational pastors and sent in 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 (<http://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 a number of important items. For details, please read on!

A. 2017 YEAR-END CLOSING

The Synod's books for 2017 will close at noon on Friday, January 19th, 2018. All remaining remittances of benevolence and other offerings must be received at the synod office by this date in order to be credited for 2017. Please note that due to the synod's tight year-end and auditing schedule, no extensions will be possible.

As reported in the [November issue of the Eastern Synod Lutheran](#), as of the end of October, benevolence offerings received by the synod office in 2017 were tracking almost 5% behind the comparable period for 2016. Although the current situation is disturbing, there is still time before year-end to improve our financial picture.

Congregational Treasurers, please ensure that your remittances to the synod office are up to date. If your congregation is able to consider making an additional contribution to benevolence, over and above what you have budgeted, your “second mile” gift would be very much appreciated!

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, 2017, the synod will not be able to date it for the 2017 taxation year.***

The fourth quarter statements for 2017 will be mailed to congregational treasurers and chairpersons around January 31, 2018. 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
Telephone: (519) 743-1461 or 1-877-373-5242 (toll free)
email: sheimpel@elcic.ca

B. LOOKING AHEAD TO 2018

Due to decreases in benevolence offerings received from congregations in recent years the synod was faced with few options but to make some significant cuts to its 2017 budget. Additional reductions are planned for 2018. As you develop and approve your 2018 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 you received from us several weeks ago. As has been the case in previous years you will receive some interpretive material that will assist you in communicating the important ministries of the synod to your 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 2018 “Commitment Amount” to Regular (Undesignated) Benevolence, along with other items in the annual parochial report are submitted by the March 31st, 2018 deadline. The ELCIC national office has significantly simplified reporting requirements for the parochial report and will provide more information early in the new year.

When submitting your 2018 remittances to the synod office, please use the 2018 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 2018 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 early in the new year.

C. OTHER 2018 CONGREGATIONAL BUDGETING CONSIDERATIONS

A copy of the synod's [Compensation Schedule for 2018](#) is posted on the synod's website in the Treasurer/Financial section. This information provides guidance for budgeting salaries/benefits for your pastor and/or pastoral supply. Questions about the 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).

Over the past year ELCIC Group Services Inc. has been encouraging congregations whose pastor resides in a congregationally owned parsonage to establish a rental agreement with the pastor and provide a housing allowance in return. If you have not yet considered such an arrangement I encourage you to contact ELCIC Group Services Inc.

ELCIC GSI's October 31st communication [Treasurers' Year-end News](#) was sent to all congregational treasurers and included details on the following important items:

- A 2018 reduction to the employer premium (and employee taxable benefit) for the basic life insurance coverage.
- An increase to the employer premium for life, disability, AD&D, parental leave supplemental pay and short-term counselling benefits (from 3.25% in 2017 to 3.5% in 2018).
- Advice that housing allowance not be included in box 30 when completing the T4 for the pastor.

[2018 health/dental premiums](#) are available on the ELCIC GSI website.

Fees for Assembly 2018 have recently been established. Congregations are advised to budget \$985 for each rostered and lay delegate attending this convention to cover the registration fee, accommodation/meals, parking and a printed copy of the Bulletin of Reports. Travel costs are covered by the synod. Registration details will be available in the new year.

D. POLICY FOR DISBURSEMENT OF CONGREGATIONAL ASSETS

Earlier this year the synod office notified each congregation about the synod's [Policy for Disbursement of Congregational Assets](#). Although most of the provisions in this policy

apply to congregations that are closing or planning to close, this policy also requires that a congregation notify the Bishop if it is experiencing one or more of the following:

- a) Is considering disbanding or formally winding up its operations
- b) Finds itself in diminished numbers (active members and/or finances) such that its continued operations have become impractical or unduly burdensome
- c) Has been unable to:
 - a. Hold regular congregational council or board meetings
 - b. Hold an Annual General Meeting, or elect the required number of council members/directors
 - c. Meet corporate or income tax filing or other legal obligations
- d) Is considering disposing of 25% or more of its assets, including real property
- e) Is considering transferring assets outside of the ordinary course of business, other than by way of transfer to the Eastern Synod

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) or call toll-free (1-888-308-9461).

F. ELCIC-GSI AND CRA DEDUCTIONS FOR 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 employers).

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. The usual deductions for Canada Pension Plan contributions and Employment Insurance premiums are also required. For those registered with the ELCIC GSI pension plan, regardless of total earnings during the year, a T4 must be issued at the end of the year showing employer/employee contributions to the ELCIC Registered Pension Plan (RPP).

G. AUTHORIZED APPEALS FOR 2018

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 prioritized by synod council and approved by delegates to 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), Synod Council has authorized the following appeals for 2018:

- ***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"). This booklet has been updated recently.
- ***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.

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.

Thank you for your gifts of leadership and administration to your congregation over the past year. Wishing you and your family a Blessed Advent and Christmas season and all the best in the year ahead!

