

Mitigating The Financial Risks of Refugee Sponsorship

by Keith Myra

It's been heart-warming to see so many congregations responding to the current refugee crisis through increased offerings to CLWR and/or by assuming sponsorship of a refugee/family. This article is intended to assist those congregations involved in refugee sponsorship programs by sharing best practices for managing practical concerns relating to financial administration and associated risks.

Child Protection Policy - If the refugee family being sponsored has children, it is important for the congregation to have a child protection policy in place. The ELCIC's "Protection of Children, Youth and Other Vulnerable People Policy" provides a valuable starting point for developing a congregational policy. For further information, refer to the Resources-Documents section on the ELCIC website (www.elcic.ca). For CLWR sponsorships, CLWR is committed to upholding the Rights of the Child (also a UN Convention) which states that children have the right to protection from abuse, neglect and exploitation. Concerns regarding child protection in Canada are dealt with through organizations such as Child Welfare agencies.

Liability Insurance – Even if the congregation's insurance policy appears to cover outreach activities such as refugee sponsorships, you are advised to inform your insurance company in advance of the activities that you plan to undertake.

The Refugee Family's Financial Needs – Refugees are responsible for costs that may have been incurred prior to their immigration to Canada (e.g. repaying government loans for items such as transportation and medical examinations). Refugee sponsors are responsible for the cost of housing, food and basic needs (e.g. city transit costs, winter clothing and other essential needs) for the first year. Sponsoring organizations should ensure that refugees do not apply on their own to government agencies for social assistance programs as these payments will be clawed back and the congregation, as sponsor, will be responsible for paying them.

Fund Raising and Management of Sponsorship Funds – A charitable donation receipt may be provided for refugee sponsorship donations provided that the usual CRA regulations governing charitable donation receipts are followed:

- The donation or gift must be given freely to the charity
- There must be a transfer of property (cash, equipment, etc.) to the charity. Receipting for services is not permitted.
- The donor cannot receive an advantage or benefit
- The gift cannot be directed to a specific person or family. Rather, the gift must be directed to a specific program operated by the charity. The charity may then identify beneficiaries to receive funds from a specific program fund. From a practical

perspective, this means that donations must be directed to an ongoing congregational fund (e.g. Refugee Sponsorship Fund) rather than to a fund that explicitly identifies the refugee family (e.g. by name, through pictures, etc.). This concept can be further strengthened by publicizing that although donations to the fund will be used to sponsor a refugee family, any excess funds collected will be sent to CLWR for refugee support (or to another congregation that is sponsoring refugees, etc.).

- The charity must be able to reallocate the donated funds with the program as it deems appropriate
- The donor cannot have control over the use of the funds

Consistent with best practices in managing all congregational funds, it is important that refugee sponsorship funds be managed by the congregational treasurer rather than being maintained in a separate bank account with different signing authorities. Following this practice ensures that the congregation's usual internal controls (e.g. two counters for offerings, approval of expenses prior to payment, submission of receipts, two signing officers for cheques, etc.) are automatically in place for donation receipting and payment of applicable expenses. Furthermore, keeping these funds under the control of the congregation avoids potential conflict with CRA regulations that prohibit charities from transferring funds to another group that is not a registered charity.