



The Eastern Synod Lutheran Leaders' Edition

September 2015

A Church in Mission for Others

Our vision:

- * We will practice Spirit-ed Discipleship.
- * We will pursue Com-
passionate Justice.
- * We will strive to be a
Healthy Synod.
- * We will build Effective
Partnerships.

Welcome back Readers! I hope you had a good summer. By now, I believe, programs are running in full swing in your congregation; students or their backpacks were blessed back to school, Sunday School, choirs, bible study groups, pub nights are re-summing, thanksgiving for harvest, pets' blessing, garage sales, meals and other fall events fill up your calendars. *"Therefore, my beloved, - be steadfast,*

immovable, always excelling in the work of the Lord, because you know that in the Lord your labour is not in vain. " 1 Corinthians 15:58

Leaders' Edition is one of our endeavours to support you in "excelling in the work of the Lord". This issue offers information on Clergy Residence Deduction and upcoming changes to regulator for Ontario Cemeteries as well as two helpful summaries about

congregational council's responsibilities.

As ho-hum as this may sound, administration is important for it enables ministry to happen. Administration is listed as one of the spiritual gifts. It is more than keeping papers in order; it's about leadership and governance.

Blessings!

Getting Good Information

There are three information tools Congregational Councils can use in exercising their duty of care:

Internal Reports

This is by far the most common method. A staff member, pastor, officer or other volunteer could be asked to report on the outcome of ministry programs. The treasurer routinely provides budget reports. It is assumed that the information in the report is reliable, although it is quite legitimate for Council members to ask additional questions.

Direct Inspection

This means "seeing with our own eyes". While less frequent than internal reports, direct inspection might be used in relation to the Council's responsibility for compliance with the Income Tax Act and regu-

lations enforced by the Canada Revenue Agency. Two key aspects of this are:

- a. the rules around issuing charitable donation receipts;
- b. the requirement to file an Annual Charity Information Return (form T3010) within 6 months after the fiscal year-end.

Given the possible consequences of non-compliance, a Council might want to examine the format of receipts and review the contents of the T3010 before it is mailed out. In these cases members of Council might not be comfortable just receiving an internal report that says everything is OK.

Third-Party Reports

This is the least common, and potentially most expensive, way of getting

information. It is usually reserved for infrequent and very important kinds of information. The best example may be having a qualified outside professional review the financial statements in an annual audit or financial review. Other non-financial audits can be used in special circumstances. For instance a retired insurance professional might be asked to review and report on the adequacy of the congregation's property and liability coverage.

Wise Council members will choose judiciously among these three ways of gathering the information they need to exercise good leadership on behalf of their congregation.

- Jeff Pym

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CRA Approval and the Clergy Residence Deduction



Parish pastors are generally eligible for the Clergy Residence Deduction (CRD) thereby reducing the amount of income tax (and CPP) that would otherwise be payable on their income. In the absence of prior approval from CRA, the congregational treasurer is required to include any amounts paid as housing allowance (or in the

case of a pastor living in a parsonage, the fair rental value of the parsonage) as income when calculating income tax other deductions for each pay period. The pastor then claims the deduction when filing his/her income tax return at the end of the year.

For clergy owning or rent their own accommodation and wishing to have their income tax reduced at source:

To receive the benefit of this deduction in advance, i.e., for each pay during the year, rather than at the end of the year, the pastor must complete and submit forms T1213 (Request to Reduce Tax Deductions at Source) and T1223 (Clergy Residence Deduc-

tion (CRD)) with CRA. Part B of form T1223 needs to be completed by the employer (usually by the congregational treasurer).

The treasurer is permitted to reduce income tax at source once written approval is received from CRA, resulting in lower income tax and CPP deductions (and hence higher net pay). *Note that these forms must be filed on an annual basis and should be submitted in October.*

To avoid possible CRA requests for further information and resulting delays, in addition to forms T1213 and T1223, the following items should be included in the annual submission:

- Job Description (including percentage of time on each responsibility)

- Copy of ordination certificate
- Letter from real estate agent confirming the fair market value of pastor's residence (including utilities)

For clergy with housing provided by the congregation (e.g. a parsonage) and wishing to have their income tax reduced at source:

The process of filing a T1213 in advance with CRA is not required; however the pastor must inform the treasurer in writing if he/she is requesting immediate tax relief. Unlike the situation with clergy receiving a housing allowance, this notification is only required once, not on an annual basis.

- Keith Myra

Upcoming Changes to Regulator for Ontario Cemeteries



This article will be of particular interest to congregations/parishes owning/operating a cemetery.

A reorganization of cemetery governance in Ontario is anticipated for early 2016. This change will see the government's existing Cemeteries Regulation Unit dis-

solved with many of these responsibilities assumed by a new arms-length not-for-profit corporation, the Bereavement Authority of Ontario (BAO).

Once active, the BAO will have regulatory authority for the funeral, transfer services, cemetery and crematorium sectors; combine the licensing and enforcement functions of the current Board of Funeral Services and the Ministry of Government and Consumer Services' Cemeteries Regulation Unit; and assume responsibility for day to day operational ser-

vice delivery decisions (e.g. licensing enforcement, complaints handling, education, inspection, etc.). The faith community will be represented, both on BAO's board and through its advisory committee structure.

The benefits of this new regime are expected to include (1) consistent licensing and enforcement across the funeral and cemetery sectors (2) a reduction of the burden to licensees (3) a single point of contact for consumers and (4) operational/administrative efficiencies.

It is important to note that this change is restricted to

the governing structure and does not in itself affect any existing cemetery regulations. For more information, refer to: <http://bereavementauthorityontario.ca/>

On a related note, in recent months a number of parishes with cemeteries have approached synod office with questions about regulations pertaining to cemetery bylaws. We're currently doing some investigation in this area and will report our findings in a future edition of this publication. Stay tuned!

- Keith Myra

Sustainability and Informed Leader



Councils need to ensure that operations both fulfill the church’s mission and provide for the sustainability of the organization.

Under common law, members of congregational councils have what is known as a fiduciary duty of care. One prominent lawyer has described this as “a duty to be informed and to act with competence and diligence.” Good information is essential to good leadership.

As stewards of the congregation, Councils need to ensure that operations both fulfill the church’s mission and provide for the sustainability of the organization. Leaders must get satisfactory answers to sustainability questions such as the following:

1. Is there an annual budget that uses reasonable estimates of revenue and expenses? Does the budget allocate money in ways that will achieve the congregation’s mission priorities?
2. Have key payments been made correctly and on time, including:
 - Salaries and benefits owed to employees.
 - Statutory remittances such as Canada Pension Plan, Employment Insurance, etc.
 - Utility bills and insurance premiums.
 - Remittances to other charities, including benevolence payments to the Synod.
3. Is enough money currently coming in to cover budgeted expenses? If not, what needs to change?
4. Have GST/HST rebates been applied for and received?
5. Have bank statements been reconciled with accounting records on a monthly basis?
6. Are charitable donation receipts issued in strict conformity with Canada Revenue Agency (CRA) requirements?
7. Are donations used according to donor directions?
8. Are there safeguards against inappropriate spending or “borrowing from” restricted funds?
9. Are there procedures to

- ensure the Annual Charity Information Return, form T3010, is completed accurately and filed within 6 months of the fiscal year-end?
10. Was the annual ELCIC Parochial Report filed by March 31 of the following year?
11. Is the congregation’s insurance coverage adequate?
12. Are surplus funds invested prudently? Does the investment policy need to be updated?

If these questions don’t have good answers, there can be severe consequences:

- The viability of the congregation may be threatened;
- The congregation could be subject to penalties imposed by the CRA, including revocation of its charitable status;
- Individual Council members could be subject to legal action and penalties.

- Jeff Pym

Update your contact info!

Please, make sure that we have contact information of your current

- Council Chairperson
- Treasurer
- Pastor/Interim Pastor
- Church Administrator

Send updates to Cathy Caron ccaron@elcic.ca

Please note that emails sent from our office to gmail accounts are often being classified as spam by gmail. Please, check out your filter settings.

Leadership for Healthy Congregations Workshop:

Oct. 24 Ottawa/Orleans, ON



From A Reader: **Money is an easy topic, mission takes effort.**

As everyday people we are immersed in and influenced by everyday life. A simple way to demonstrate how this immersion has the capacity to lead us into thinking about money all the time is a website called <http://www.brainyquote.com/>.

The topic "Money" takes up 40 webpages filled with quotes from wise or not so wise people. The reformer Martin Luther gets three pages, Steven Harper two and Jesus? Jesus has exactly one page to show for his life and death, his healing and forgiving, his Mission.

What an amazing opportunity for us? We can jettison straight out of main stream thinking and set ourselves apart, using money as a resource and **MISSION as our calling card**. It sounds like a recipe to get noticed.

How to get comfortable with the idea of being different, getting noticed, in mission? Two years ago our church council made a conscious effort to change the agenda of our meetings. Yes, we still have the obligatory elements from acceptance of agenda, minutes, financial report etc. yet we added an item called "**In Focus**".

This is a designated timeslot (30 – 50min) that changes the focus of all our talks towards leadership. Who are we? What are we here for? What is our mission? Here we create room for finding answers to the so called "tough questions" (Bishop Pryse, Sept. 2014). And the effect ripples through council, through the congregation, through our neighborhood and even the GTA. But most of all, it ripples right through me.

In trusting that God will provide, doors were opened to a local food bank and community supper. We are in the process of setting the stage to provide room for prayer meetings run by an ecumenical ministry and are learning the art of refugee sponsorship with the help of the CLWR. In the meantime existing groups are running as always and our day care is expected to reopen to full capacity in September.

Now back to the extensive plumbing job in the basement. Hmmm, what to pray for! Bigger pipes, more water pressure, an honest plumber or maybe just plain MONEY.

Feeling rather blessed,

Iris Schweiger (President, Martin Luther Church, Etobicoke)

Next Issue

The next Leaders' Edition will come out in November. We will take a look at the importance of Ministry Review as well as questions around congregation's mission. Keith Myra has listed useful policies for congregations. You will find the list in the November issue, as well.

I'm looking forward to hearing from you. I'd like to encourage you to follow Iris' example and share your insights on topics we cover in Leaders' Edition. Feedback, suggestions, questions or concerns are welcome. Please email me: rhepomaki@elcic.ca



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