



MEMORANDUM

To: Congregational Treasurers
Rostered Ministers Serving Congregations

From: Keith Myra, Eastern Synod Treasurer

Date: December 9th, 2019

Re: 2019 Year-end and Other Important Financial Matters

This communication was emailed to those congregational treasurers with email addresses on file at the synod office. In addition, a hardcopy version was mailed to all congregational treasurers using the church mailing address. If you received this letter and are no longer the treasurer, please forward to the current treasurer. An email copy was also sent to all rostered ministers serving congregations.

To facilitate access to the URL link references, a copy of this communication 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 half way down the home page, and check the “News Updates” section.

I very much appreciated the opportunity to meet many of you in person at one of the Regional Congregational Treasurer’s Workshops over the last few months. Thank you to each of you for the ministries of leadership and financial administration that you have provided to your congregation over the past year!

As is often the case, the past year has been a busy one and there is a considerable amount of information to communicate to you. If you have questions related to this communication or other financial matters, please feel free to contact me:

Telephone: (519) 886-4423 or 1-877-373-5242 (Ext 224)
email: kmyra@elcic.ca

A. 2019 YEAR-END CLOSING

The Synod's books for 2019 will close at noon on Friday, January 24th, 2020. All remaining remittances of benevolence and other offerings must be received at the synod office by this date in order to be credited for 2019. Please note that due to the synod's tight year-end and auditing schedule, no extensions will be possible.

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, 2019, the synod will not be able to date it for the 2019 taxation year.***

The fourth quarter statements for 2019 will be mailed to congregational treasurers and chairpersons in early February, 2020. 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) Ext 217
email: sheimpel@elcic.ca

B. LOOKING AHEAD TO 2020

As you finalize your 2020 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. We are grateful to each of you for the important role that you play as an advocate for the ministries of the wider church. As a reminder of some of the synod's ministries that are supported by your benevolence offerings I refer you to the [Our Ministry Story 2020](#) document, copies of which have been sent to your congregation for distribution to your members.

Pastors, please keep in mind that you are responsible for ensuring that your congregation's 2020 "Commitment Amount" to Regular (General/Undesignated) Benevolence, along with other items in the annual parochial report, are submitted by the March 31st, 2020 deadline. The ELCIC national office has significantly simplified reporting requirements for the parochial report over the last few years and will provide more information early in the new year.

When submitting your 2020 remittances to the synod office, please use the 2020 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 2020 form has been included in your hardcopy 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 is also be available on the website in early 2020.

C. OTHER 2020 BUDGETING AND FINANCIAL ADMINISTRATION CONSIDERATIONS

A copy of the synod's [Compensation Schedule for 2020](#) is posted on the synod's website in the Treasurer/Financial section. This information provides guidance for budgeting salaries/benefits for rostered ministers 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).

ELCIC Group Services Inc.'s November 21st communication [Fall 2019 Treasurer's Information Update](#) was sent to all congregational treasurers and included details on a number of important items, including the following:

- 2020 extended health and dental premium rates
- An increase to the employer premium for life, disability, AD&D, parental leave supplemental pay and short-term counselling benefits (from 3.75% in 2019 to 4.00% in 2020).
- 2020 CPP rates and the 2020 Yearly Maximum Pensionable Earnings (YMPE)

The ELCIC national office and ELCIC Group Services Inc. provide excellent resources for congregational treasurers and others involved in congregational finances. Both of these resources are updated on a continual basis, as required:

- ***[The ELCIC Treasurer's Information Booklet](#)*** – 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).

I would like to remind you that registered charities are permitted to transfer funds to other organizations only if the receiving organization is itself a registered charity. As the Women's Auxiliary of Martin Luther University College (previously known as the Women's Auxiliary of Waterloo Lutheran Seminary) is not a registered charity, please note that effective Jan 1st, 2020, all offerings for the Auxiliary should be designated for

Martin Luther University College with a notation indicating the funds are to be directed to the Auxiliary. This will allow offerings to the Auxiliary to be receiptable, at the congregational level, and continue to support the work of the Auxiliary by running the books through the Luther College accounts.

D. UPDATE FROM CANADA REVENUE AGENCY (CRA)

Please take note of the following more recent updates issued by Canada Revenue Agency:

- All donation receipts must include CRA's new website address: Canada.ca/charities-giving. For more information refer CRA's publication: [What information must be on an official donation receipt from a registered charity?](#)
- If you are filing a hard copy of the Registered Charity Information Return (T3010) the mailing address recently changed to:
Charities Directorate
Canada Revenue Agency
105 - 275 Pope Road
Summerside PE C1N 6E8

Note that there is no address change for other correspondence sent to CRA.

- After a number of delays, earlier this year CRA announced the introduction of its new on-line service for completing and filing the T3010 form. For your 2019 return, you have the option of using the new on-line service or continuing to use the paper form. For further information, refer to CRA's document: [T3010 charity return – Filing information](#).
- If you require assistance completing your T3010 form you may wish to view a recorded webinar [Completing the T3010 Annual Charity Return](#) that was produced by the United Church of Canada (UCC). Although this webinar includes several references that are specific to the UCC and its operations, most of the content is generic and applicable to ELCIC congregations. I recommend that you take some time to view this. The accompanying PowerPoint slides are also available for downloading from this site. We are most grateful to the United Church of Canada for their willingness to share these resources with us!

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? To accept these types of donations a brokerage account is required. The Evangelical Lutheran Foundation in Eastern Canada ([ELFEC](#)), a charitable foundation that serves congregations across the ELCIC, offers assistance to congregation by providing brokerage services to facilitate these types of donations. And although organizations such as CanadaHelps.org, offer the same services, ELFEC offers these services at much lower fees.

Because the volume of these in-kind transfers tend to peak towards the end of the calendar year, to ensure that a donation receipt is dated in the current year a transfer authorization form for stocks or bonds must be received no later than December 10th. (The corresponding date for in-kind transfers of mutual funds is November 26th.)

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

There are now two acceptable ways of providing compensation to supply pastors.

The first option is to consider the supply pastor as self employed. In this case no deductions are made for EI, CPP, ELCIC pension, etc. (since the individual is not considered to be an employee). However, a T4A must be provided if total payments for the year exceed \$500.

The second option, available only to those supply pastors who are members of the ELCIC GSI Pension Plan (check with ELCIC Group Services to confirm eligibility), is to consider the supply pastor to be an employee of the congregation. In this case, the 7% employee contribution for the GSI pension plan are deducted, along with the employee portion of EI. The 7% employee contribution along with the 8% employer contribution must be remitted to ELCIC Group Services Inc. and credited to the account of the supply pastor. Both the employee and employer portions of the EI premium must be remitted to CRA. Regardless of the amount of total payments made during the year, a T4 must be issued specifying employer/employee contributions to the ELCIC Registered Pension Plan (RPP) and the employer/employee EI premiums.

G. AUTHORIZED APPEALS FOR 2020

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 2020:

- ***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. OTHER UPDATES AND MISCELLANEOUS INFORMATION

As part of its succession planning, the Synod is currently in the process of hiring for a new position, “Manager, Finance and Administration”. More information will be communicated when this position is filled.

Thank you to all of those congregations who participated in the Congregational Accounting Software Survey that I conducted at the Regional Treasurer Workshops this past fall. If you are interested in learning about what software is being used by congregations in our Synod, click on the following links:

- [Congregational Membership Software](#)
- [Congregational Donation Software](#)
- [Congregational General Ledger Software](#)
- [Congregational Payroll Software.](#)

An Excel template for Congregational Financial Statements that can be customized to suit your congregation’s needs is available for downloading from the Synod website by going to the “Other Financial References” section on the [Treasurer and Financial](#) page. This template will be of primary interest to those congregations with annual revenues/expenditures in excess of \$100,000. A big thank you to Andre Brideau, the recently appointed treasurer of St. Paul’s Lutheran Church in Bridgewater Nova Scotia, for developing this template and offering to make it available to other congregations!

I anticipate that a webinar that will be of interest to those congregations that own/operate a cemetery will be offered sometime during the first or second quarter of 2020. More information will be communicated once the date and time have been determined.

This final paragraph highlights various pieces of information from my previous year-end communications that are of ongoing importance. In the interest of saving paper I have not repeated these details in this communication, but you can access more information about any of the following topics by clicking on the following link: [Helpful Reminders:](#)

- 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 Yours
A Blessed Advent and Christmas Season
And All the Best in 2020!***

