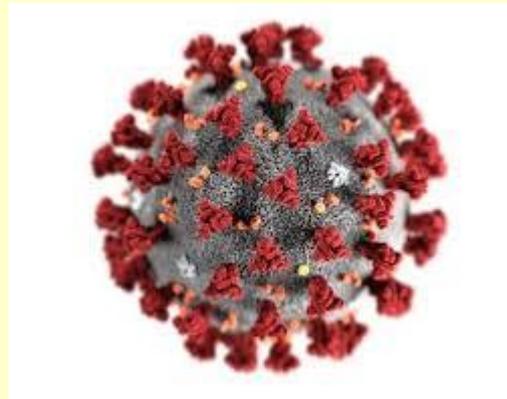


COVID-19 Pandemic Congregational Financial Issues



**Keith Myra,
Eastern Synod Treasurer**

Agenda



1. Meeting logistics
2. Temporary Wage Subsidy
3. Canada Emergency Wage Subsidy
4. Synod Website Resources
5. Other Government Subsidies and Provisions
6. General Q&A

Meeting Logistics



1. Please mute your microphone, except to speak
2. Gallery view
3. To ask questions (at end of each section)
 - Visibly wave hand
 - Virtually wave hand
 - Use chat box
 - Last resort - unmute your mic

WELCOME!

KIM MARCY



DIRECTOR, FINANCE & ADMINISTRATION

Disclaimer



The information in this presentation is intended to cover the key points but does not include all of the details.

Be sure to read the documents posted on the Canada.ca website and the Eastern Synod website for complete information.

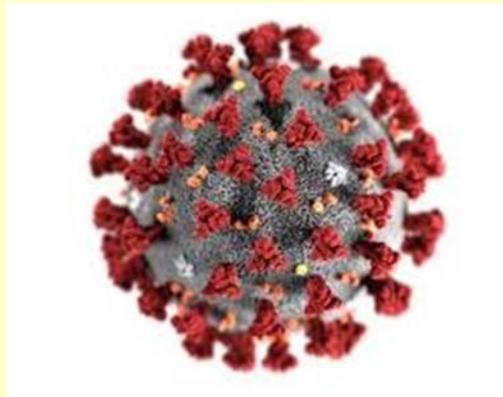
Important Reminder



Be sure to keep good records supporting your eligibility and your calculations for any subsidies that you apply for

Retain your records for the usual 7 year retention period

TEMPORARY WAGE SUBSIDY



Temporary Wage Subsidy



What Is It?

- A three-month measure that allows eligible employers to reduce the amount of the payroll deductions that they remit to CRA

Temporary Wage Subsidy



Is My Congregation An Eligible Employer?

- Must have an active charitable registration number
- Exceptions may apply to congregations that are in a parish alignment with one or more other congregations, depending on who the employer is
- Congregations in a shared ministry arrangement are eligible

Temporary Wage Subsidy



How Much Is It?

- 10% of the remuneration paid to (earned by) employees between March 18, 2020 and June 19, 2020
- \$1,375 maximum subsidy for each eligible employee
- \$25,000 maximum subsidy for each employer

Temporary Wage Subsidy



What is included in remuneration?

- Salary
- Housing Allowance
- Taxable benefit on Life Insurance Premium
- Book Allowance
- Car Allowance (if paid as a flat amount)

*Items that are included in Box 14 of the T4
(Taxable benefits)*

Temporary Wage Subsidy



What is excluded from remuneration?

- Health/dental benefit premiums
- Pension contributions
- CPP, EI contributions
- Continuing education allowance
- Car allowance (if reimbursed on a per kilometer basis)

Temporary Wage Subsidy



Are payments made to those with contracts or who are self-employed that perform work for the congregation eligible for this subsidy (e.g. music director, organist)?

- No, only employees of the congregation are eligible (statutory deductions made, T4 issued)

Temporary Wage Subsidy



How does a congregation receive this subsidy?

- Calculate the subsidy when you make your payroll remittance to CRA
- Reduce your current payroll remittance of federal and provincial income tax that you send to the CRA by the amount of the subsidy

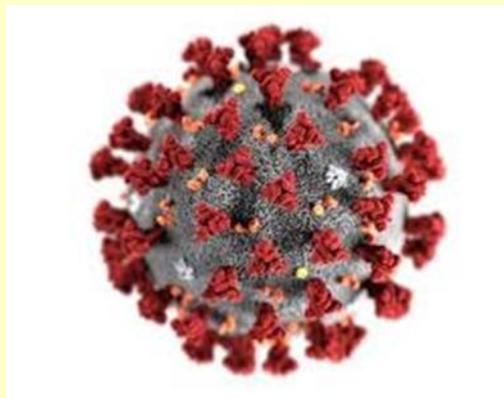
Temporary Wage Subsidy



Is this subsidy taxable?

- No, congregations don't pay income tax

CANADA EMERGENCY WAGE SUBSIDY (CEWS)



Canada Emergency Wage Subsidy



What Is It?

- Subsidy available for a period of twelve weeks (March 15, 2020 to June 6, 2020)
- Provides a subsidy of 75% of eligible remuneration, paid by an eligible employer that qualifies, to each eligible employee
- Maximum subsidy of \$847 per employee per week

Canada Emergency Wage Subsidy



Is My Congregation An Eligible Employer?

- Must have an active charitable registration number
- Exceptions may apply to congregations that are in a parish alignment with one or more other congregations, depending on who the employer is
- Congregations in a shared ministry arrangement are eligible

Canada Emergency Wage Subsidy



Does My Congregation Qualify for the Subsidy?

- An eligible congregation may qualify for one, two or all three periods, depending on its revenue
- Three periods to be considered:
 1. March 15, 2020 to April 11, 2020
 2. April 12, 2020 to May 9, 2020
 3. May 10, 2020 to June 6, 2020

Canada Emergency Wage Subsidy



What is the Definition of Revenue?

- Revenue from all sources (except grants received from the Eastern Synod):
 - Donations to all causes
 - Rental income
 - Interest, investment income
 - Bequests
 - Etc.
- Cash or accrual basis, but consistent

Canada Emergency Wage Subsidy



Does My Congregation Qualify for the Subsidy in Period 1?

- Yes, if revenue in March 2020 decreased by 15% or more compared to baseline of:
 - March 2019, OR
 - the average of Jan 2020 & Feb 2020

Once an approach for the reference period is chosen, the same approach must be used for the entire duration of the program.

Canada Emergency Wage Subsidy



Does My Congregation Qualify for the Subsidy in Period 2?

- Yes, if revenue in April 2020 decreased by 30% or more compared to baseline of:
 - April 2019, OR
 - the average of Jan 2020 & Feb 2020

OR

Congregation qualified in Period 1
(referred to as deemed to have qualified)

Canada Emergency Wage Subsidy



Does My Congregation Qualify for the Subsidy in Period 3?

- Yes, if revenue in May 2020 decreased by 30% or more compared to baseline of:
 - May 2019, OR
 - The average of Jan 2020 & Feb 2020

OR

Congregation qualified in Period 2
(excluding “deemed”)

Canada Emergency Wage Subsidy



Does our congregation need to demonstrate that a decline in revenue is attributable to COVID-19? Or is a decline that is caused by any reason legitimate?

- A decline for any reason is legitimate and does not need to be caused directly or indirectly by COVID-19

Canada Emergency Wage Subsidy



What is included in remuneration?

- Salary
- Housing Allowance
- Taxable benefit on Life Insurance Premium
- Book Allowance
- Car Allowance (if paid as a flat amount)

*Items that are included in Box 14 of the T4
(Taxable benefits)*

Canada Emergency Wage Subsidy



What is excluded from remuneration?

- Health/dental benefit premiums
- Pension contributions
- CPP, EI contributions
- Continuing education allowance
- Car allowance (if reimbursed on a per kilometer basis)
- Employees without remuneration for 14 or more consecutive days in the period

Canada Emergency Wage Subsidy



Are payments made to those with contracts or who are self-employed that perform work for the congregation eligible for this subsidy (e.g. music director, organist)?

- No, only employees of the congregation are eligible (statutory deductions made, T4 issued)

Canada Emergency Wage Subsidy



How does a congregation receive this subsidy?

- For each of the three periods, apply through your congregation's CRA "My Business Account" or through a new on-line application form
- CRA will make payments to the congregation by direct deposits or mailed cheques

Canada Emergency Wage Subsidy



Is this subsidy taxable?

- No, congregations don't pay income tax.

Canada Emergency Wage Subsidy



Is a congregation able to apply for both the Temporary Wage Subsidy and the Canada Emergency Wage Subsidy?

- Yes, however, the CEWS payment will be reduced by the amount of the Temporary Wage Subsidy

Canada Emergency Wage Subsidy



Is an employer required to top-up the 75% subsidy with an additional 25% so that the employee is fully compensated?

- There is no regulatory requirement, but employers are expected to make “at least their best efforts”
- Employers need to attest to “best efforts”
- CRA will apply penalties in cases of fraudulent claims

Canada Emergency Wage Subsidy

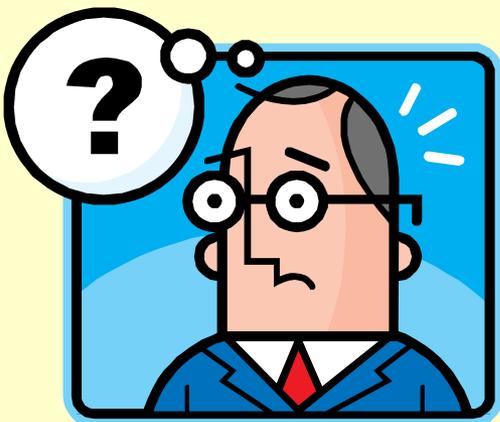


Is there an additional subsidy if an employer has been paying an employee but there has not been any work for the employee to perform?

- Yes, in addition to the 75% wage subsidy, the employer is permitted to claim reimbursement for the employer portion of CPP and EI payments that were made on behalf of the employee



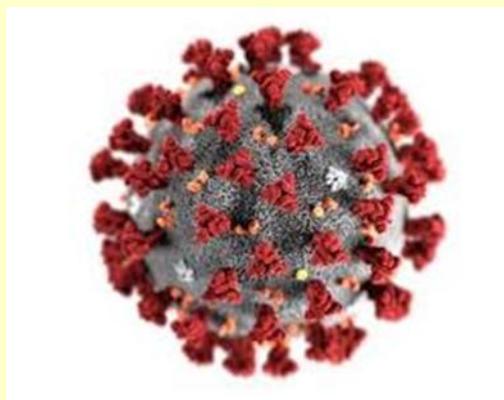
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QUESTIONS?



EASTERN SYNOD WEBSITE RESOURCES



www.easternsynod.org

Treasurers & Financial

Treasurer and Financial

COVID-19 Updates

April 23, 2020 - COVID-19 FAQ Temporary Wage Subsidy

April 23, 2020 - COVID-19 FAQ Canada Emergency Wage Subsidy (CEWS)

April 23, 2020 - COVID-19 Other Government Benefits and Provisions

April 15, 2020 - COVID-19 Update on COVID-19 Financial Issues

April 2, 2020 - COVID-19 Letter # 2 Addendum

April 1, 2020 - COVID-19 Letter #2 from ELCIC Treasurers

March 25, 2020 - COVID-19 Template/Sample Giving Letter to Congregational Members

March 25, 2020 - COVID-19 Alternate Giving Options (Implementing Giving Alternatives)

March 25, 2020 - COVID-19 Letter #1 Alternate Giving Options (Covering Letter)



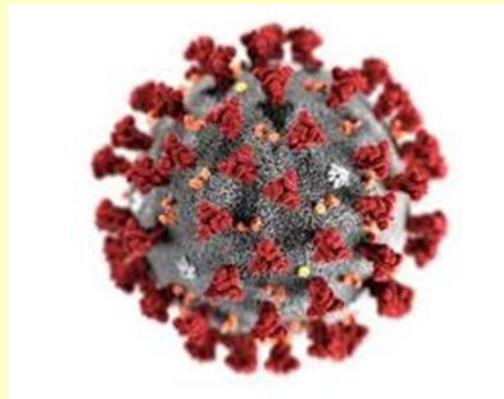
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QUESTIONS?



OTHER GOVERNMENT SUBSIDIES AND PROVISIONS



Canada Emergency Business Account (CEBA)



- It appears as if congregations are not eligible
- Provides interest-free loans of up to \$40,000 to help cover operating costs when revenues have been temporarily reduced
- 25% forgivable if total is repaid by 31/12/2022
- Must be a “T3010 corporation”, \geq \$20,000 in total 2019 payroll and revenue from the sale of “goods and services”
- Application through your bank/credit union ³⁹

Canada Emergency Response Benefit (CERB)



Applies to Employees or Contractors Who Have Been Laid Off

- Provides temporary income support of \$500 a week for up to 16 weeks to those who have stopped working due to COVID-19, provided that they had employment and/or self-employment income of at least \$5,000 in 2019 or in the 12 months prior to the date of their application

IMPORTANT REMINDER!



With the various wage subsidy programs that are available to congregations, it is the Synod's expectation that no congregation will be required to reduce working hours and/or compensation for its rostered leader(s).

Congregations that may be considering making changes to the employment conditions for its rostered leader(s) are expected to consult with

Bishop Pryse (mpryse@elcic.ca) or

Assistant to the Bishop Doug Reble (dreble@elcic.ca)
as part of the decision making process.

Other



- Alternate giving methods for your members
- Deadline for submitting 2019 Charity Information Return (T3010) extended to December 31, 2020
- Access to Restricted Purpose Trust Funds Prior to Obtaining a Court Order During COVID-19

Questions After This Session?



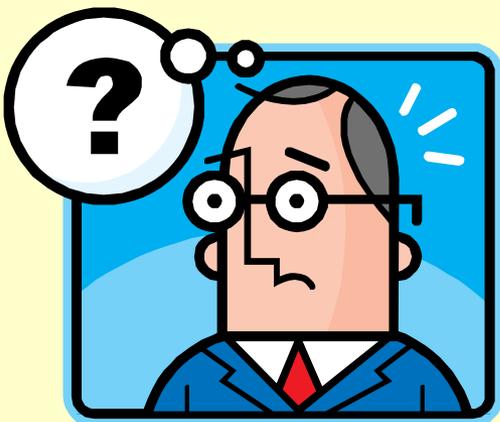
Email

Keith Myra kmyra@elcic.ca

and

Kim Marcy kmarcy@elcic.ca





QUESTIONS?

