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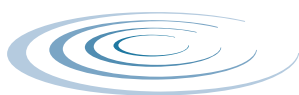
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HOLDING A SUCCESSFUL ANNUAL GENERAL MEETING

by: David Johnson, Director of Certification, CCCC



Love them or hate them, Annual General Meetings of Members (AGM's) are a fact of life for charities. Incorporated charities are obliged to hold these meetings so their members can exercise their corporate responsibilities. Generally, incorporated charities are required to hold an AGM no later than 15 months from their last one and within six months of their fiscal year end. Unincorporated charities may have similar rules in their governing documents, and if not would do well to operate within

these same time frames. It is at the AGM that members get to hear reports from the board and staff, elect directors, receive financial statements, appoint an auditor and vote on any proposed changes by the board.

But, do the members care? Many organizations struggle with obtaining even a quorum, let alone a good turnout. "We've tried everything!" was a recent lament we heard concerning AGM turnouts. Why is there such a struggle to get members out to AGM's? It is not because the meeting is unimportant. After all, not only do they get to hold the charity accountable, and

influence its future direction, but they also help it fulfill a legal requirement.

Perhaps the reason is, as many charities acknowledged, they are boring! Members may not necessarily want to hear the financial details (one charity told us no one had asked for a financial statement in 20 years!), they may not know the directors being nominated to the board nor whether the auditor should be reappointed. Mostly, they want to hear about who is being helped by the charity and how.


Given these challenges, we asked a sample of our members for tips on holding a successful meeting. Following are some ideas, from your fellow CCCC members, on how to hold an AGM that meets your charity's needs.

Decide on the Purpose of the AGM

Decide whether you want to just get the legalities out of the way with the least resource expenditure, or whether you want it to be fun, engaging, inspiring and commitment building. An AGM can be accomplished in less than half an hour and that is what some charities do, but, if you want to accomplish something beyond the basics, consider these tips:

Advance Notice/ Promotion of the Meeting

Members will not attend if they do not know about the AGM, or have not booked it. Two weeks notice in the newsletter or Church Bulletin may not do it. Some charities have set their AGM dates three years in advance! There is little consensus on when to hold an AGM. Some churches hold it between morning services to capture the largest "audience"; others deal with the business portion on a separate day than the celebration and visioning components. Some

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avoid week days; others weekends. Consider these ideas:

- Don't eliminate any time of day (morning, noon or night).
- Give notice weeks in advance and, if a church, announce it from the pulpit as well.
- Have financial statements and reports in the hands of members at least two weeks in advance. Mail them directly to members, put them in their church mailbox, or give them to members in person.
- Send a personal invitation (mail, church box or even phone).
- Hold a question/answer meeting prior to the AGM.
- Give advance notice of any new ideas/programs/staffing being proposed.
- Explain a quorum is needed to fulfil legal requirements.

Prepare for the Meeting

Not only is it necessary to have the event planned well in advance, but members have to be prepared as well. Do you want them to participate and give input, or just vote? The latter is not wrong, but the preparation will be different. A prepared member is usually an engaged member. Consider these ideas:

- Cultivate an expectation that member's input is genuinely welcomed (That means planning to accommodate new ideas that emerge).
- Leave time for discussion/debate and say how and when the leadership will report back to the membership on any new proposals from the membership.
- Call members to fast and pray 24 hours prior to the meeting.



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- Keep membership lists up-to-date (this provides accurate quorum calculation, reduces unnecessary notices and assures only eligible members vote).
- Prepare the agenda and wording of motions in advance.
- Practice presentations/reporting, anticipate and think through potential questions.
- Submit resolutions and/or ballots and proxies in advance.
- Design a streamlined election process.

At the Meeting

The format of the meeting will be largely determined by its purposes. If members are to participate directly, time will be needed for that on the agenda. If there are to be discussions among members, seating at tables may be more

effective than classroom style - especially if there is food. Most church leaders already recognize the folly in underestimating the influence of food at a meeting. Whether before, during or after the meeting, most ideas we received involved food. These meals included breakfast, lunch or dinner. Consider these ideas:

- Hold a potluck meal just prior to AGM (use it to break the fast).
- Eat around tables for small group discussion.
- Have someone lead the tables through a prayer/worship session.
- “Table talk” about the vision/goals as the leaders present them at the meeting and report the results to the whole group and/or the leadership.

- Present financial highlights to answer the question: "How are we doing?" (e.g., versus the budget, or a line by line review of the financial statements).
- Present trends, results and projections. Present them in terms everyone, not just the "numbers people" can understand.
- Hold the AGM during the morning worship service.
- Make the AGM a banquet.
- Have a dynamic speaker.
- Keep the AGM business short (less than 30 minutes was the consensus regardless of the rest of the format).
- Have a plan for dealing with an "agenda monopolizer" (e.g., ask for a motion).
- Keep the AGM on time.
- Most of all, celebrate/recognize God's accomplishments in the past year. Use presentations, reports, videos or skits.

After the Meeting

What happens after the meeting will depend a lot on how the event was structured, but, as we mentioned, don't forget food. Consider these ideas:

- Have a potluck dessert.
- In the days/weeks following the meeting, prepare a response to the members, particularly to ideas and proposals made by members at the meeting.

One church had particular success in changing a tradition of perfunctory business only meetings to ones that incorporated prayer,

community, information and business into a well attended and enthusiastic participatory event. In the midst of a season of illness and -30 C degree temperatures, they doubled their meeting attendance. The ingredients for this success included, much advance planning and announcing, congregational fasting (24 hr. before the meeting), a pot luck fast breaking dinner, table discussion, devotions, prayer - then business.

Self-Perpetuating Boards

Some charities do not find quorum a problem because the only members are their directors. There are advantages to this structure, but a disadvantage is that it can minimize accountability and the opportunity for community and/or constituent participation.

Conclusion

Solving AGM attendance problems can be overcome by having a plan. This plan would include being organized and prepared as a leader, and promoting what is to be achieved at the meeting well in advance. Try putting yourself in the member's shoes and decide what they would find interesting or exciting. We hope your next AGM is the best yet.

Did You Know

When charities offer online donations, the donor's financial information must be transmitted on a secure channel through the use of encryption technology?

This security can be verified by the letters https:// (rather than the usual http://) before the charity's uniform resource location (URL). There should also be an unbroken padlock symbol (or key) located in the corner of the web browser.

For additional details on internet security tools, please visit http://www.cra-arc.gc.ca/ntcs/scrty_tls-eng.html



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NEW REGISTERED CHARITY INFORMATION RETURN (T3010-1)

by: Wayne Kroeker, Manager of Member Support, CCCC
& Barbara Wallace, Director of Legal Affairs, CCCC



Changes are required to the T3010B as a result of Budget 2010 tabled on March 4. The Registered Charity Information Return is now called the T3010-1. Canada Revenue Agency (CRA) will begin to mail out the T3010-1 in early 2011. This article will outline the changes between the T3010B and

T3010-1 versions. These changes are generally very modest.

CCCC was previously advised by CRA that charities with year ends between March 4 and December 1, 2010, should use the T3010B, with modifications provided by the CRA insert, *Changes to what you must report on Form T3010B, Registered Charity Information Return*. Only charities with year ends of December 1, 2010, and later were to file the T3010-1. As of January 17, 2011 CRA changed the applicable fiscal periods affecting these filing requirements. The T3010B with accompanying insert should no longer be used.

Changes Reflecting Simplification of the Disbursement Quota

Repeal of the Charitable Expenditure Rule: When originally introduced in 1976, the disbursement quota (DQ) was intended to ensure the prompt use of charitable funds by preventing accumulations of cash reserves. The charitable expenditure rule required all registered charities to spend on current year charitable activities, an amount equal to 80 per

cent of receipted donations plus 80 per cent of gifts from other registered charities from the previous year. On March 4, 2010, the charitable expenditure rule was eliminated.

Modification of the (3.5 per cent) Capital Accumulation Rule: In addition to the charitable expenditure rule, which applied to all charities, charitable foundations were also subject to an additional DQ called the capital accumulation rule. This rule required charitable foundations to spend at least 3.5 per cent of the total value of their assets not used in charitable activities or administration, after reaching a threshold of \$25,000. In 2009 the capital accumulation rule was extended to include charitable organizations in

The capital accumulation rule is the only portion of the DQ not eliminated by Budget 2010.

addition to charitable foundations. The capital accumulation rule is the only portion of the DQ not eliminated by Budget 2010.

On March 4, 2010, the asset threshold for charitable organizations was increased from \$25,000 to \$100,000. The capital accumulation rule now only applies to charitable organizations after they have accumulated assets in excess of \$100,000 which are neither used in charitable activities nor administration. The threshold for charitable foundations remains at \$25,000. After charities have exceeded the threshold applicable for their type of charity, the DQ is

calculated on the full value of these assets, not just to the amount in excess of the threshold.

The T3010-1 has been modified to capture these DQ changes, primarily by eliminating lines which no longer apply.

Additions to the T3010-1

Ten-Year Gifts: Line 4180 has been added to the assets section and Line 4505, to revenue. Both lines ask charities to report ten-year gifts. However, since ten-year gifts are a form of enduring property, and enduring property will be eliminated from the Income Tax Act (ITA) when the amendments resulting from Budget 2010 are implemented, the definition of enduring property is no longer applicable. Consequently, the term, "ten-year gifts" is a misnomer.

In a recent meeting with CRA, Charities Directorate representatives provided clarification for these new lines. CRA expects charities to disclose any funds subject to restricted spending conditions, whether or not there is a ten-year time limit or any other time limit. These lines will document time-restricted charitable reserves. CRA apparently grappled with the most appropriate term to describe the amounts to be recorded on these lines. After much debate, CRA settled on the term "ten-year gifts." A more suitable description may be assigned in future. CRA has already expressed a willingness to modify the T3010-1, within the next year or so, to simplify any confusing concepts.

The New Designated Gift: If a registered charity receives a gift from a non-arm's length charity, and the value of the gift is neither spent on charitable activity nor gifted to an arm's

length qualified donee prior to the end of the next taxation year, the receiving charity is liable for a penalty equal to 110 per cent of the amount by which the fair market value of the gift exceeds the amount spent on charitable activity. Revocation is also possible. The full amount of the gift must be spent on charitable activity with no portion reserved for the administrative cost of handling the transfer. The spending obligation is in addition to any capital accumulation (3.5 per cent) disbursement requirement. This anti-avoidance rule is entirely new.

This measure may be most applicable to churches where gifts are transferred either between the denominational office and member churches or possibly between the member churches themselves. Even if the participating organizations are all individually registered charities and separately incorporated, these charities may not be considered to be operating at arm's length. The definition of "arm's length" is crucial to this new concept of a designated gift. See the text box below for a fuller discussion of "arm's length."

Charities may wish to simplify the situation by determining they have a non-arm's length relationship and assume the spending requirement applies to them by virtue of this new designated gift regime. However, there are reasons for wanting to avoid a non-arm's length classification, such as potential liability and asset protection. For example, assume two charities are not operating at arm's length. Does this mean these charities may be liable for the debts of each other, if financial difficulties are encountered by one of them? Or, if one of the charities must pay out a large settlement as a result of a court case, can the successful plaintiff liquidate some of the assets of the other charity in satisfaction of the settlement?


Unfortunately, the ITA definition of "arm's length" is complex. Related persons are presumed not to deal with each other at arm's length. Related individuals are connected by a blood relationship, adoption, marriage, or a common law partnership. Related corporations are controlled by the same group of persons. Where two corporations are related to the same corporation, they are deemed to be related to each other. Additionally, CRA has discretion to determine whether organizations are operating at arm's length, based on the facts of the situation. This analysis depends on the assessment of three factors:

1. the existence of a common mind which directs the bargaining for both parties;
2. parties to a transaction acting in concert without separate interests; and
3. *de facto* control.

None of these issues are easily resolved. If CRA makes a finding that two or more charities are not operating at arm's length, those charities have the right to challenge that finding in court. However, this is not a practical solution for day-to-day operations. CRA has issued IT-419R2, *Meaning of Arm's Length*,¹ but the context is not specific to charities and contains little helpful information. CCCC has requested CRA provide information to assist charities in determining whether they are operating at arm's length. Until further clarification is provided by CRA, charities may wish to obtain legal advice from a lawyer well versed in charity issues.

This anti-avoidance rule does not apply if the gift has been designated. In this context, the word "designated gift" has the same meaning as "specified gift" prior to Budget 2010. To avoid the risk of the penalty being assessed, transfers between non-arm's length charities must be designated by the gifting charity. This type of designation has nothing to do with the type of gift which, prior to Budget 2010, charities considered to be a gift given for a specific purpose.

To monitor the designation of these gifts for anti-avoidance, CRA has produced a new version of the T1236, Qualified Donees Worksheet/Amounts Provided to Other Organizations. However, the place on the worksheet to designate is not obvious. A blank line has been added within each section. CCCC has been advised that CRA requires charities designating gifts to write in "designated gift" along with the dollar amount on this blank line. There are no instructions on the worksheet. See the excerpt from the new worksheet provided below as a sample.



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Qualified Donees Worksheet / Amounts Provided to Other Organizations

Registered charities may make gifts to qualified donees. Provide the required information for each gift made to other organizations. See the reverse for explanations of the terms used.

Total number of Qualified Donees/Other Organizations:

Name of organization:		Associated charity: <input type="checkbox"/> Yes <input type="checkbox"/> No
BN/Registration number: RR	City and Prov/Terr:	
Designated gift \$		
Amount of gifts-in-kind \$	Total amount of gifts \$	

Although there is no official requirement for charities receiving designated funds to document them on their T3010-1, the receiving charity is encouraged, as a best practice, to confirm with the gifting charity that the funds, indeed, have been designated. Charities should retain written confirmation of all designated gifts in their books and records in case of CRA audit.

Clarification About Terms for Directors/Trustees/Like Officials

CCCC is often asked how to provide details about the terms served by directors or trustees. CRA has recently clarified how to report this information. On the T1235, *Directors/Trustees and Like Officials Worksheet*,² there are spaces to record the start and end dates for each member of the governing body of the charity. The start date is the date the individual assumed his or her role as director or trustee, even if this date precedes the reporting period. Reporting the end date, however, causes more confusion. CRA wishes the end date to be detailed in the following way: If the term of the director or trustee ended within the reporting period, the date the term ended is recorded as the end date for that individual. If the term of the director or trustee has not ended within the reporting period, the end date is left blank.

Summary

- Effective January 17, 2011, CRA amended the dates for filing the T3010-1. The T3010-1 should now be used for all year ends of March 4, 2010, and later.

- However, CRA will continue to accept the T3010B with modifications provided by the insert for charities with year ends between March 4 and December 1, 2010.
- Any charities who have filed or will file the T3010B with the insert modifications for year ends between March 4 and December 1, 2010, are not required to refile using the T3010-1.

Charities filing the T3010-1 must recognize that:

- for the new Lines 4180 and 4505, ten-year gifts, CRA is expecting disclosure of any deferred contributions;
- non-arm's length transfers between charities, which can be designated to avoid the time limit on spending, must be recorded on the blank line of the new T1236, *Qualified Donees Worksheet/Amounts Provided to Other Organizations*. Charities will want to carefully assess whether or not they are operating at non-arm's length, as this status could have future negative consequences such as increased liability or an inability to protect charitable assets;
- leave blank the end date on the T1235, *Directors/Trustees and Like Officials Worksheet*, for any individuals whose terms did not end within the reporting period;
- CCCC will continue to provide input to CRA on the functionality of the T3010-1 and keep members advised of developments.



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Links

1. IT-419R2, *Meaning of Arm's Length*, available at: <http://www.cra-arc.gc.ca/E/pub/tp/it419r2/it419r2-e.pdf>
2. T1235, *Directors/Trustees and Like Officials Worksheet*, available at: <http://www.cra-arc.gc.ca/E/pbg/tf/t1235/t1235-09e.pdf>

STRONGER TOGETHER THROUGH COLLABORATION

by: Mark Peterson, Executive Director, Bridgeway Foundation



A year and a half ago, as Canadians grappled with an unexpected recession, donors also struggled with the challenging reality of having fewer

funds to donate to favoured charities. The need for charitable dollars was higher – yet donors also felt the pinch of austerity. Curiously, this demanding context helped create the conditions for an energizing path towards greater collaboration and a shared sense of community and common purpose amongst donors. Tough times make it more apparent that charitable activity naturally relies on partnerships and the synergies that occur from combining strengths.

This willingness by some risk-taking donors to vulnerably collaborate paved the way for significant wealth being invested into Canadian Christian charity infrastructure for expanded organizational capacity. Over a million dollars were donated by eight partners of the Stronger Together group for 43 organizations into projects ranging from fundraising-friendly websites to new computers for staff, from long-delayed renovations to creative marketing initiatives. These grants were collaborative endeavours with between three and all eight granting partners offering financing, with decisions being made together over a two day retreat last May.

The positive, even liberating, experience of working together has led this group to launch a new round of grants in 2011. Inspired by last year's success of working together, this year's round of grants is focused on developing collaborative partnerships. Donors often seek

to fund charities where collaboration leverages partner strengths. But we also recognize that we must lead by example. This year we will be offering funding which stimulates the creation or expansion of collaborative partnerships by charities with other entities to achieve organizational goals. Two of last year's Stronger Together partners are taking a break this year, but we have been enhanced by the addition of three new members, totalling nine foundations or major donors participating.

An excellent example of charity collaboration has been accomplished by Opportunity International and Compassion in the Dominican Republic. Opportunity's niche of offering microfinancial services for small entrepreneurs readily aligned with Compassion's well-known efforts to work for community-based development focused

on children. Compassion became aware that many of their sponsored children made it through school, but ended up with little in the way of employable skills upon completion. They developed apprenticeship training for the youth; Opportunity provided small loans to assist them in launching small businesses through this pilot project.

Another model, closer to home, is a project initiated by Sanctuary Ministries of Toronto, an inner-city community of people reaching out to the homeless population. Last year they sought to improve their marketing ability through hiring a consultant to train them in better fundraising practices. Yet they believed they could learn best by working in collaboration with a smaller organization, Parkdale Neighbourhood Church, which has similar goals in a different region of the city.



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Both organizations benefited, sharing costs, and learning together to create concrete plans on improving how they relate to potential donors and partners.

Frequently one finds the best examples of partnership in the most demanding contexts where necessity is the mother of invention. We learn best in those margins where life is fragile and we require greater reliance on God and each other. The small Christian presence in the nation of Cambodia, along with the educated classes and Buddhist religious figures, was decimated during the years of the "killing fields" and the Khmer Rouge's agrarian and atheistic revolution. One of the sobering outcomes of this movement has been the emergence of Cambodia as a hub for sex trafficking, including the sale of children by their parents into brothels. Out of this cultural desolation, a remnant remained to join hands in offering a more hopeful future. Chab Dai, Khmer for "joining hands", is a remarkable assortment of 52 partnering organizations based in Phnom Penh, and exists to disseminate best practices, training, advocacy, and form a unified voice before government and the NGO sector as an anti-trafficking movement. This sort of unifying in order to achieve greater impact is another example of collaborative partnership which Stronger Together seeks to encourage.

Other partnership models could envision educational institutions pairing with inner-city outreaches, charitable organizations partnering with school boards or police associations, mission agencies sharing resources, or ministries reaching out to new immigrants collaborating with a group of local churches. The possibilities are limited only by one's imagination.

More information on Stronger Together 2011, including eligibility criteria, application deadlines, and a list of members can be found at www.strongertogether2011.ca.

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PROFESSIONAL DEVELOPMENT FOR CHARITABLE GIFT PLANNERS OR STEWARDSHIP LEADERS

by: Milly Siderius, Manager, Stewardship Services, CCCC



As disciples of Christ, we are each called to a life-long experience of studying and learning about Jesus. Leaders called to the ministry of stewardship should

also commit to excellence and accountability through a life-long learning about holistic and practical biblical stewardship.

There are several organizations offering formal certificates, certification and accreditation programs for charitable gift planning and stewardship. A glossary is provided below to help navigate these terms, however they are not always used consistently and can be confusing. CCCC has researched the educational training (biblical and secular) and accreditation available for charitable gift planners and stewardship leaders in Canada. Individuals serving in this specialized role will be able to use this resource to plan further

professional development. The information will also be useful for leaders wishing to better understand the skills or knowledge development of individuals applying for gift planning or stewardship positions with your charity.

Glossary:

- Certificate of Completion is a document that states X has completed and met the requirements of a specific course or program as of Y date.
- Certification refers to the process where an organization, for example, recognizes that an individual, organization, product or service has met certain established criteria (e.g., Seal of Accountability for Certified Members with CCCC).
- Accreditation generally refers to the process of establishing a specific level

or standard of competency, authority or credibility. Accredited organizations often certify third parties against official standards (e.g., a University is accredited to issue degrees). Accreditation is typically granted by a self regulating professional or licensing organization.

- A designation is typically reflected by the letters after a person's name. The designation generally indicates the individual earned for example, an education degree from an accredited University (e.g., PhD, MA, BA), or an accreditation from an overseeing professional body (e.g., C.M.A.).

Please note: The chart on pages 13-15 is presented for informational purposes and is subject to change without notice. All course or accreditation fees are based on early bird and active membership with each organization.

Did You Know

Many donors have never been asked to make a bequest by charities they support?

According to a 2010 survey by the FLA Group, 97% know they can leave a charitable bequest, 48% think charitable bequests are a good idea, but the majority have never been asked to make a bequest.

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MARK MY WORD

Organization	Certificate of Completion/ Certification/Designation	Website	Requirements/Process	Length/Fees
Canadian Council of Christian Charities (CCCC)	Advancing Stewardship I Certificate (Part One) Advancing Stewardship II Certificate (Part Two)	www.cccc.org/stewardship	<ul style="list-style-type: none"> • Christian stewardship and gift planning/fundraising training (holistic and practical) • No prerequisites • Courses are designed as primer for new fundraisers/refresher for seasoned fundraisers • Instructor led sessions, individual and group work with take-away applications • No written examination (educational process) <p>Note: CCCC is a Certified Fund Raising Executive International (CFRE) approved continuing education provider for CFRE</p>	3 days face to face courses \$500 each (Part One & Two)
Canadian Association of Gift Planners (CAGP)	Gift Planning in a Day No Certificate (Stage One) Original Gift Planning Certificate (Stage Two) Advanced Gift Planning Certificate (Stage Three)	www.cagp-acpdp.org	<ul style="list-style-type: none"> • Secular gift planning/fundraising training • Prerequisites: Gift Planning in a Day and Original Gift Planning courses require no fundraising experience, Advanced Gift Planning course requires completion of Original Gift Planning course and/or 5 years experience • Instructor led sessions, individual and group work • No written examination (educational process) <p>Note: CAGP is a CFRE approved continuing education provider as well as a participating organization for the CFRE</p>	1 day face to face course \$200 (Stage One) 5 days face to face courses \$1,350 each (Stage Two and Three)
Association of Fundraising Professionals (AFP)	Fundamentals of Fundraising Certificate (AFP Stage One) CFRE Preparation No Certificate (AFP Stage Two) Complete CFRE - see below (AFP Stage Three)* Advanced Certified Fundraising Executive ACFRE (AFP Stage Four)	www.afpnet.org	<ul style="list-style-type: none"> • Secular gift planning/fundraising training (In partnership with AFP US) • Preparation for CFRE (0-4 years fundraising experience) • No written examination (educational process) <p>Note: AFP is a CFRE approved continuing education provider as well as a participating organization for the CFRE</p> <ul style="list-style-type: none"> • CFRE Review Course • Prerequisites: 5 years of fundraising experience • Can be taken as part of AFP Conference on Fundraising • No written examination (educational process) <p>Refer to CFRE International information</p> <ul style="list-style-type: none"> • Secular advanced fundraising teaching • Prerequisites: written application, 10 years of fundraising experience, BS/BA designation and must currently hold a CFRE designation • Requirements: written application, written examination, portfolio review, and oral peer review 	2 days face to face course \$440 (Stage One) 2 days face to face course \$500, times, location and structure vary (Stage Two) Refer below (Stage Three) Self study course \$200, lifetime credential, no recertification required (Stage Four)

Organization	Certificate of Completion/ Certification/Designation	Website	Requirements/Process	Length/Fees
CFRE International (highly recognized through CAGP and AFP, participating organizations in Canada)	CFRE Certified Fund Raising Executive CFRE designation (AFP Stage Three)*	www.cfre.org	<ul style="list-style-type: none"> • Secular gift planning/fundraising training (over 5 years experience) • Practice-based, measures knowledge-in-use • Prerequisites: written application on a point system (practice, education, performance, service) • Requirements: written examination (assessment process with 225 multiple choice questions that cover knowledge on prospect identification, solicitation, donor relations, volunteerism, management and stewardship) • 5200 CFREs worldwide with 700 CFREs in Canada 	Self study course \$618 USD, plus CFRE Review Course \$500, once application is approved 1 year to write exam, recertification required every 3 years \$360 USD (Stage Three)
Age-Friendly Business (AFB)	Certified Professional Consultant on Aging CPCA designation (formerly known as CSA designation)	www.cpcacanada.com	<ul style="list-style-type: none"> • Secular training to understand broader issues related to boomer and senior clientele (e.g., health, financial and social issues) • Prerequisites: written application (code of professional responsibility, verification of no legal, regulatory or compliance issues) • Requirements: written examination (130-150 multiple choice questions, 75% minimum to pass) 	3 days face to face course (20 hours of pre-study) \$1,595, or 3-month self study course \$995, or 3-month fast start course (1 day face to face/ remainder self study) \$1,195
Financial Advisors Association of Canada (Advocis)	Certified Financial Planner CFP designation (international recognition) Personal Financial Planner PFP designation (banking recognition)	www.advocis.com	<ul style="list-style-type: none"> • Secular standard for financial and estate planning education (does not provide emphasis on gift planning/fundraising skills) • CFP is accredited by Financial Planners Standards Council in Canada • CFP Education Program is offered at universities/colleges and online through Advocis schools (trademark of Financial Advisors Association of Canada) in partnership with CCH Canadian Ltd. • Prerequisites: written application, university degree and 3 years work experience • Requirements: written examination 	Self study or face to face course \$2,000, once application is approved 4 months to write exam, annual reporting required (includes 30 hours of Continuing Education credits)
Institute of Advanced Financial Planners	Registered Financial Planner	www.iafp.ca	<ul style="list-style-type: none"> • Certification awarded through the Institute of Advanced Financial Planners (IAFP) to financial professionals. • Prerequisites: active membership, 3 years field experience, character references, Industry approved designation (CFP), university degree. • Requirements: Ethics and Practice and Technical exam, peer review (validation by exam and example) • IAFP database shows 365 RFPs in Canada 	\$200, annual fee required (includes 30 hours of Continuing Education credits)

Organization	Certificate of Completion/ Certification/Designation	Website	Requirements/Process	Length/Fees
ADVISORS with Purpose, sponsored by the Canadian National Christian Foundation (CNCF)	Christian Financial Counsellor (This should not be confused with certification for the e.g., Certified Financial Consultant CFC)	www.advisorswithpurpose.ca	<ul style="list-style-type: none"> • Certification granted by ADVISORS with Purpose to Christian stewardship professionals (Financial Planners, Certified Accountants, Investment Advisors, Insurance Advisors, Mortgage Brokers, Lawyers) • Prerequisites: Industry approved designation and registration or proof of 10 years experience if designation is not applicable and an active membership in ADVISORS with Purpose • Requirements: 20 hours online biblical financial training, written reference checks from clients, industry members and church leadership indicating character, spiritual formation and community leadership and declaration of ongoing personal commitment to Biblical Stewardship principles • No written examination • 79 Advisors with Purpose members in Canada of which 10 hold the designation 	\$500, annual renewal fee required (includes 20 hours of continuing biblical financial education)
Christian Leadership Alliance (CLA)	Certified Stewardship Professional (This should not be confused with certification for the e.g., Certified Sales Professional CSP)	www.christianleadershipalliance.org	<ul style="list-style-type: none"> • Certification awarded through CLA's Engstrom Institute, to Christian stewardship professionals • CLA is formerly Christian Management Association (CMA) and Christian Stewardship Association (CSA) • Prerequisites: three criteria tiers, fulfilled required points (5 years field experience, university level education and ministry commitment) • No written examination 	\$175 application fee, 4 days face to face Biblical Foundation course \$525 (plus cost of attaining points by attending conferences), recertification required every 3 years \$90 (includes 2 educational points)
Examples of other designations held by CCCC Christian stewardship and development members:	<ul style="list-style-type: none"> • Chartered Financial Consultant (ChFC) • Elder Planning Counsellor (EPC) • Fellow of the Canadian Securities Institute (FCSI) • Financial Management Advisor (FMA) • Trust and Estate Practitioner (TEP) 			



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Did You Know

Payroll computations for the Canada Pension Plan (CPP) and Employment Insurance (EI) have changed for 2011?

The CPP Year's Maximum Pensionable Earnings has increased to \$48,300. The rate for employers and employees remains at 4.95% each and the Basic Exemption remains at \$3,500.

The EI annual Maximum Insurable Earnings has increased to \$44,200. The employee rate has increased to 1.78%, as has the employer rate to 2.49% (1.4 x 1.78%).

Special Note: If you provide your employees with a short-term disability plan, you may be able to reduce the employer EI rate. Please go to the following CRA website address for details to see if you qualify:

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/clcltng/ei/rdc-eng.html>

For details on computing statutory deductions (CPP, EI and tax) for your payroll, please go to:

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/menu-eng.html>



CONGRATULATIONS TO THE FOLLOWING NEW CCCC CERTIFIED MEMBERS

Africa Inland Mission International (Canada), Scarborough, ON

Canadian Revival Fellowship, Regina, SK

Christian Hit Radio Inc. (CHRI-FM), Ottawa, ON

CMAC Christian Mission Aid Canada, Ottawa, ON

Fellowship of Christian Farmers - Canada, Hawkesbury, ON

POPULAR CCCC BULLETIN ARTICLES - A REFERENCE LIST

by: Heather Card, Vice-President Member Services, CCCC



Every year CCCC answers over 18,000 calls and emails from our member churches and agencies. Often when we answer questions, we are able to point people to helpful articles on our website that have been published in our CCCC Bulletin.

We've put together a reference list of our most popular information requests. CCCC members can access these articles through our website www.cccc.org. Click on Members, CCCC Bulletin and select from the list or search the title of your article. A full article index of CCCC Bulletins is also available from this page.

You will also find these articles linked to the topics under the "Search for Information" area in the Members section of the CCCC website.

Human Resources

Should Charities be Concerned about Employee Overtime?	2009	Issue 5
Taxable Benefits - An Overview	2007	Issue 5
10 Myths about Hiring Foreign Religious Workers	2006	Issue 5
The Employment Contract	2006	Issue 3
Christian Horizons - What Do You Do Now?	2010	Issue 4
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Developing Effective Policies	2010	Issue 1
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Developing an Ethical Fundraising Code	2007	Issue 2
Fundraising Dinners & Charities	2007	Issue 1
Accounting & Donor Software Survey	2008	Issue 5

Finance & Administration

The Importance of Internal Control	2006	Issue 2
Checklist to Guard Against False Receipting	2008	Issue 5

Church Collections: Counting, Deposit and Financial Control	2006	Issue 4
Official Donation Receipt Checklist	2006	Issue 1
For the Record: The Importance of Good Record Keeping	2005	Issue 2
Facing the Risk "Liability Insurance 101 for Christian Charities"	2007	Issue 1
Funding Non-Qualified Donees	2008	Issue 2
Releases from Liability	2008	Issue 4
Releases for Minor Children	2010	Issue 4
Taxable Benefits - an Overview	2007	Issue 5
The 3.5% Disbursement Quota Requirement	2009	Issue 3
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Missions

Fundraising Support Letters for Short-term Missions	2010	Issue 2
Debriefing Strategies for Short-term Mission Trips	2009	Issue 4
Short-Term Mission Trips and the Local Church - Part I	2007	Issue 4
Short-Term Mission Trips and the Local Church - Part II	2007	Issue 5
Short-Term Mission Trips and the Local Church - Part III	2008	Issue 1
Releases from Liability	2008	Issue 4
Releases for Minor Children	2010	Issue 4

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WHAT PASTORS NEED TO KNOW ABOUT RUNNING A CHARITY

by: Gilbert Langerak, Manager, Member Support, CCCC



Pastors, as key and influential members of a church's leadership team, should develop a practical understanding of how to operate a Canadian

charity, in addition to their spiritual leadership skills. This article provides an overview of the basic rules and issues affecting churches, as charities.

A Hierarchy of Rules

Churches operate under a variety of levels of rules. Some are inflexible because they are set out in law. Other are inflexible because they are set out in bylaws or, for example, church order or denominational directives. Others might be flexible upon approval of the board or church membership.

The Law: Written legislation, along with the common law (i.e., legal precedents developed by court decisions) set out the general rules that govern charities in Canada. These rules address:

- What is charitable in Canada?
- What activities a charity may do?
- The criteria for becoming a registered charity with Canada Revenue Agency (CRA) and maintaining that status.

Charities are under provincial jurisdiction, but are in large part regulated by the federal Income Tax Act (ITA), which CRA administers. CRA informs charities how it applies the ITA through policies, guidances and rulings. These are helpful in understanding CRA's administrative practices, but are not law.

There are also various laws which are not charity specific, but apply to a church in its capacity as a land-owner, an employer, a corporation, etc.

Other Legal Boundaries: A church, when it came into being, will have set out where it fits within the law's boundaries and is required to operate within those limits. For example, it may have stated that its charitable purpose is to advance the Christian religion by establishing and operating a church and a church school. These boundaries are captured within the church's governing or constating documents. These could be in various forms, including: a constitution, trust document, articles of incorporation, society, letters patent, by-laws and/or church order. A church cannot decide to exist or operate for a purpose that is not set out in its governing documents, without first formally amending them.

The governing documents will usually also include things such as: the church by-laws, church order (e.g., if applicable, adherence to denominational directives), rules about how the governing board will be structured, decisions made, how directors will be appointed, rules for dismissing directors, how committees will operate, if and how audits will be conducted, etc.

A church needs to make sure that there are no conflicts between its self-imposed rules and any legislation that might apply to the church, such as a Corporations Act. For example an incorporated church's bylaw may state that any member of the church can be appointed to audit the books. However, the Corporations Act the church was set up under may state that only a Licensed Accountant can conduct an audit. The law overrules this church bylaw. Accordingly, any bylaw in conflict with

legislation should be amended to bring it into agreement with the law.

Flexible boundaries: A church will often have its own policies, guidances and administrative procedures that help it operate and carry out its activities in a structured, efficient manner. As needed, these can be amended by the church's leadership or by congregation approval, depending on the traditional practices of the church.

Related Issues

Using Church Resources: The church should not use its charitable resources to provide inappropriate or undue compensation to employees, or, to provide undue benefits to members. A church is not a private club. For example, if the church leadership decides to rent the church's facilities for private events, all renters must be treated the same, whether a church member or someone from the public. Similarly, if a church operates a cemetery, it should charge both members and non-members the same rates for plots.

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If any benefits are provided to a church member, whether by discounts or other tangible benefits, the ITA's split receipting rules require the benefit's value to be deducted from any donation receipt amount.

Restricted Funds: Your church should be clear on whether it will, or will not, accept restricted gifts. If it does, ensure the donor's restriction is within your church's charitable purposes and that the church actually wishes to carry it out (i.e., it's not too costly and there's adequate human resources to deal with the work the restricted gift will create).

Ensure a published Designated Giving Policy is in place before accepting any restricted gifts. This policy assures donors their restrictions will be honoured, but provides flexibility to your church for the future, should the restriction become no longer viable.

Ensure restricted gifts held for the long-term are properly invested and clearly shown in the financial statements as being separate from operating and other funds.

Starting a New Program: Whenever your church wishes to start a new program, it must be within its charitable purposes. If the program proposal goes beyond them, it either should not be done, or, an application to the government to amend your church's governing documents would be required.

Benevolence: Churches typically engage in benevolence by using donations to help needy people from the church community and the public at large. The church should have procedures in place so the donors are not aware of who the aid recipients are, and, to provide assistance on an objective basis, via a Benevolence Policy.

If the donors direct their gifts to individuals they name, or the church makes the aid recipients known to the donors, then arguably these gifts are not donations to the church. Instead, they are gifts between people (i.e., private benevolence). The church should not be used as a conduit for private benevolence



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and, in accordance with CRA policy, tax receipts are not to be issued.

Business Activities: Running a business is not a charitable activity. However, the ITA does allow a church to run a related business (e.g., a thrift shop, day-care), if it is limited and ancillary to the church's charitable purposes or, if it is substantially run by volunteers (i.e., 90% or more).

Political Activities: These are allowed, within limits. Permitted political activity is speaking in general terms to issues related to your church's charitable purposes and can include things such as:

- buying a newspaper advertisement to influence the government;
- organizing a march or a rally;
- organizing a conference; or
- encouraging people to write to their elected representatives.

There is a general 10 per cent cap of a church's resources that can be used in political activities.

Prohibited political activity is engaging in partisan politics or political advocacy, either

directly or indirectly. This would include things such as:

- Supporting an election candidate directly or indirectly.



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- Telling the public the government's position on an issue during an election campaign.
- Inviting candidates to speak at different meetings that are not of equal opportunity in terms of prestige or audience.
- Singling out elected officials or a party for its voting record on any particular vote or its voting pattern over a series of votes.
- by working **with** another organization via an arrangement such as a Joint Ministry Agreement or a Co-operative Agreement; or
- by hiring an organization or individual to work **for** your church via an Agency Agreement or contract for service.

Care needs to be taken in setting up mission projects to ensure that they are under the direction and control of the church. For example, it is doubtful a church has oversight of an activity where a missionary (whether short or long-term) is operating independently and asks the church to simply receive, receipt and forward money to them so that they can carry out their good works.

Risk Management: It is prudent to try to minimize risk of abuse, injury, liability, theft, etc. Managing risk could include:

- CRA considers certain arrangements to be acceptable where a church carries out its charitable purposes:
- by transferring money to a Canadian registered charity that already works with, for example, churches in another country;
- by sending the church's own employees or volunteers;
- having proper insurance coverage;
- being open about how your church does things, via clear policies (e.g., abuse prevention, employment standards, health & safety, conflict of interest, privacy, ethics);
- having secure money handling

procedures;

- carrying out proper physical maintenance of facilities.

Governance and Administration: Ensure time-sensitive matters become recurring items on meeting agendas. For example failing to file the T3010 on time is the primary reason charities lose their registered status. It is helpful to annually affirm in the director's minutes that the T3010 has been filed with the government.

Verify that adequate books and records (e.g., minutes, program expenditures, duplicate receipts) are being maintained.

Stay aware of changes in the charity world through information from CCCC, government and church group/denominational sources.

continued on page 23 . . .

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Do you need help recovering all the Ontario Retail Sales Tax (ORST) money that rightfully belongs to you, so that, as good stewards, you can invest it back into your ministry?

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Sample of CCCC core list pricing:

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|---|---------------|
| - G & T premium copy paper, letter size, 20 lb., 92 bright, 5,000 sheets | \$35.57/crtn* |
| - G & T premium copy paper, legal size, 20 lb., 92 bright, 500 sheets/pkg | \$ 5.19/pkg* |
| - Papermate stick pens, blue, fine tip, 12/box | \$ 1.20/box |
| - G & T paperclips, #1 non slip, 100/bx | \$.14/box |

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Human Resources: Churches that employ people are subject to the same rules as any other employer. There are restrictions on what kinds of questions may be asked in an interview. For example, a church may not ask a prospective employee if and when they intend to have children, or what kind of constraints their family status puts on them.

The church as an employer must comply with payroll related obligations such as remitting source deductions for income tax, EI, and CPP. The church must adhere to employment standards setting out, for example: vacation entitlements; over-time rules; parental leave, sick-leave, compassionate leave entitlements; notice and severance requirements.

Where a church wishes to hire an individual on the basis that they are a self-employed contractor, (e.g., a janitor or grounds-keeper) the church needs to make sure that this position is defensible and that the individual is not, in fact, an employee.

Conclusion

Canadian churches operate within various layers of legal rules and other boundaries. Pastors will serve their churches well by being aware of these basic rules and related issues as they lead the church in planning and carrying out their church's ministry work.

Did You Know

In order for individuals to claim moving expenses as a deduction from personal income, the new residence must be at least 40 km closer to the new work location than the former residence?

The distance is determined by the shortest normal route, not the quickest route nor the preferred route, as recently decided by the Tax Court of Canada in *Lund v. The Queen*, 2010 TCC 252.

Resources

The CCCC recorded webcast: "Welcome to Charity Leadership" available in the CCCC Members section of our website (www.cccc.org).

Chapters 1 – 3 of the CCCC Charities Handbook dealing with charity structure, categorization and operations, plus other chapters dealing with subjects in the "Related Issues" segment of this article. The Handbook is available on-line in the Members section.

On-line CCCC sample policies in the "Download Sample Documents" area in the Members section, for policies discussed or recommended in this article.

CCCC Bulletin articles:

- CRA's Guidance on Foreign Activities – 2010, Issue 5
- Benevolence Policies – 2008, Issue 3
- Short-Term Missions Trips and the Local Church (Parts I, II & III) – 2007, Issues 4 & 5, and 2008, Issue 1
- Defining the Line: How the CRA Policy on Political Activity Affects Churches and Other Charities – 2003, Issue 5
- Gift Acceptance and Valuation Policies – 2009, Issue 1

CRA Resources: Charities Directorate website:

<http://www.cra-arc.gc.ca/chrts-gvng/menu-eng.html>



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