



Charitable Status and Helping Other Organizations

This takes us into a very grey area.

Churches—or other charities, for that matter—categorically should NOT accept donations (with tax receipting) designated for other organizations that do not have charitable status. This is called being a conduit and is expressly prohibited by charity law. In the charity world it is the equivalent of money laundering.

And, if there is no tax receipting, there is no reason to run the money through the church at all. Folks can donate directly.

Both of these concepts respect charity law and the notion that our churches are required to limit their activities to their “own charitable activity,” which they conduct directly or through entities over which they have “direction and control.”

Great care must be taken in setting up a formal arrangement that would allow the church board to assert it has direction and control over the enterprise. Ideally, you would have a memorandum of understanding with the organization that documents that the church charitable purpose aligns with the organization you want to help. Then there would be a trustee agreement that demonstrates on what conditions you receive and subsequently disburse the money. For most churches, this might be too complex an undertaking, so it is best to say no—with regret.

Note that if you receive a big grant for another entity and disburse it, it also has to show on your financial statements and charitable filings.

Webinars for Church Treasurers

Church Organizational Changes and the CRA

June 13 at 7 p.m. Eastern/4 p.m. Pacific

The remits every pastoral charge board/council was asked to consider last year are creating significant changes in how our denomination will govern itself. You need to know how those changes will affect your work as a treasurer. Erik Mathieson and Clyde Harris will highlight the changes and the impact they'll have on the finances of your congregation.

For more info, please see www.united-in-learning.com; click Webinars at the top of the page to get the details and to register.

Webinars for Church Treasurers

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[united-in-learning.com](http://www.united-in-learning.com)

In case you missed these March to May webinars, recordings and PowerPoint slides are available at www.united-in-learning.com. Click Webinars at the top of the page, then Recordings, then 2018 Programs:

- T3010 Step by Step
- A Church Treasurer's Most Common Challenges
- CanadaHelps and the United Church Employer

Insurance Claims and HST/GST

Have you found yourself questioning why your insurance claim isn't always paid in full?

GST/HST related to insurance claims is governed by provisions of the *Excise Tax Act*, which supersedes a community of faith's insurance contract/policy. The net-of-GST/HST method adheres to the principle of indemnity—that is, the insurance will cover only what's been lost—so the amount the insurance company pays does not include the part of the GST/HST that can be recovered as an input tax credit (ITC) or rebate.

To be eligible for an input tax credit:

- Your community of faith must be a GST/HST registrant.
- Your property has to be for the consumption, use, or supply of your community's commercial activities—that is, allowable charitable activities.
- The invoice must name your community as legally liable to pay the consideration and GST/HST for what's been supplied.

Where an input tax credit is not available, you may be entitled to claim a rebate (a percentage of the GST or the federal and/or provincial part of the HST). A public service body (PSB)—including a non-profit organization, charity, or school—does not need to be a GST/HST registrant to claim a PSB rebate. PSB rebates may be claimed up to two times a year. If excluding the GST/HST creates cash flow concerns for your community, we recommend that you file your PSB rebates immediately. This exclusion also applies to your property and liability insurance.

Useful Links

- **Local Administration:** www.united-church.ca/leadership/church-administration/local-administration
The most current information for budgeting, CRA compliance, insurance, responsible investment, and congregational finance.
- **Stewardship Toolkit:** www.stewardshiptoolkit.ca
For stewardship best practices.
- **Webinars:** united-in-learning.com
United in Learning provides distance learning for United Church of Canada leaders. Register for the e-newsletter to stay up to date on upcoming webinars.
- **Charities Video Gallery:** www.canada.ca/en/revenue-agency/news/cra-multimedia-library/charities-video-gallery.html
Canada Revenue Agency videos and transcripts to help you stay informed on charities-related information.



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