



June 17, 2022

To: Treasurers
Council Chairs
Refugee Committees
Outreach Committees

Considerations for Outreach and Refugee Funds

Churches have always been a source of relief for those in crisis. It is both our Christian duty and our duty as registered Canadian charities to ease the burdens of poverty, tragedy, warfare, and disaster. Efforts to help those in need are commendable.

This article is intended to assist congregations involved in alleviation of poverty, refugee sponsorship, and other aid programs by sharing best practices for financial administration of such funds.

Fundraising and Management of Funds

A charitable donation receipt may be provided for donations if CRA regulations governing charitable donation receipts are followed:

- The donation or gift must be given freely to the charity.
- There must be a transfer of property (cash, equipment, etc.) to the charity. Receipting for services or time is never permitted.
- The donor cannot receive an advantage or benefit.
- **The gift cannot be directed to a specific person or family.**
- The donor relinquishes control over use of the funds.
- The charity must be able to reallocate donated funds within the program as it deems appropriate.

Registered Canadian charities are restricted to public benevolence. Charities cannot engage in private benevolence, no matter how worthwhile the beneficiary. Funds directed to a family or individual cannot be handled by the congregation, including gifts to a pastor.

Donations must be directed to an ongoing congregational fund (e.g. Refugee Sponsorship Fund or People in Need Fund) rather than to a fund that explicitly identifies a family or individual by name, through pictures, or otherwise. This can be strengthened by publicizing that

excess funds collected will be sent to CLWR for refugee support or to another congregation sponsoring refugees or providing relief aid, etc. The charity is responsible to identify beneficiaries through established criteria with appropriate oversight from a committee and Council.

Consistent with best practices in managing all congregational funds, it is important that funds be managed by the congregational treasurer rather than maintained in a separate bank account with different signing authorities. This ensures the congregation's usual internal controls (e.g. two counters for offerings, approval of expenses prior to payment, submission of receipts, two signing officers for cheques, etc.) are in place for donation receipting and payment of expenses. Furthermore, keeping these funds under congregational control avoids potential conflict with CRA regulations that prohibit charities from transferring funds to another group that is not a registered charity.

Mitigating The Financial Risks of Refugee Sponsorship

Child Protection Policy

If a refugee family being sponsored has children, it is important to have a child protection policy in place. The ELCIC's "Protection of Children, Youth and Other Vulnerable People Policy" provides a valuable starting point for developing a congregational policy (www.elcic.ca). CLWR is committed to upholding the Rights of the Child which states that children have the right to protection from abuse, neglect, and exploitation.

Liability Insurance

Even if the congregation's insurance policy appears to cover outreach activities such as refugee sponsorships, inform your insurance company in advance of the activities you plan to undertake.

The Refugee Family's Financial Needs

Refugee sponsors are responsible for the cost of housing, food, and basic needs for the first year.

Refugees are responsible for costs that may have been incurred prior to their immigration to Canada (e.g. repaying government loans for items such as transportation and medical examinations).

Sponsoring organizations should ensure that refugees do not apply on their own to government agencies for social assistance programs as these payments will be clawed back and the congregation, as sponsor, will be responsible for paying them.

Working with Other Churches

If your congregation is working with other churches to sponsor refugees, the following should apply:

- All parties should be registered Canadian charities. Record the registered charitable numbers of the other churches involved.
- Each church should review and follow the preceding guidelines.
- Canadian charities can send money among themselves, as long as the funds support their charitable work.
- Funds sent to other charities (called "qualified donees") are reported on the charitable tax filing with Canada Revenue Agency form T1236. Funds received from other charities are reported separately in the income section of the T3010.
- Each church should pass a motion ensuring that they have "owned" refugee work as their own charitable work, linked to their charitable purpose.