

2011 Handbook
for
Church Treasurers



Produced by



CONVENTION of Atlantic Baptist Churches
CONVENTION des Églises Baptistes de l'Atlantique

Enabling the Church...Through *United in Mission*

Evangelize

Association Projects	\$90,000
Atlantic Baptist Mission Board	320,000
Canadian Baptist Ministries	450,000
Union of French Baptist Churches	70,000
Total	930,000

Teach

Crandall University	80,000
Acadia Divinity College	80,000
Baptist Historical Committee	16,000
Development	75,000
Pastoral Ministry Department	72,000
Public Witness & Social Concern	20,000
Youth and Family Ministries	138,000
Total	481,000

Serve

Administration	236,000
Pension & Insurance Board	80,000
Council & Committees	89,000
Executive Minister's Office/Communications	265,000
Regional Ministry	519,000
Total	1,189,000
Total 2011 United in Mission Budget	\$2,600,000

Please encourage your church to contribute 10% of its total revenue to our *United in Mission* Fund.

FOREWORD

This handbook has been prepared to assist all those in the church who are responsible for the handling of money, and for recording and monitoring its usage. It is intended that this handbook, along with other relevant information, will be posted on our website at -

<http://www.baptist-atlantic.ca/departments/operations/treasurers>

Should you have any suggestions as to the type of information you would like to see included in future issues, please write to:

Mr. Daryl MacKenzie, Director of Operations
Convention of Atlantic Baptist Churches
1655 Manawagonish Road, Saint John, NB E2M 3Y2

The information provided is by no means exhaustive. A number of publications are available from the Canadian Council of Christian Charities to assist Churches. We recommend churches become affiliate members in order to have access to the many resources which are available.

The ***Charities Handbook*** addresses issues routinely faced by fundraisers, boards, and financial record keepers. Affiliate members receive one free copy. The cost for non-members is \$95.00.

http://www.cccc.org/cart/view_item/book_ch

CCCC Bulletin Subscription provided free of charge to members - \$45.00 for non-members.

http://www.cccc.org/cart/view_item/bulletin_subscription

Advancing Ministry in Larger Churches

http://www.cccc.org/cart/view_item/handout_advancing_ministry

Accounting and Financial Reporting Guide For Christian Ministries

http://www.cccc.org/cart/view_item/book_accounting_financial_reporting

Ministry Employment Relationships: From Start to Finish

http://www.cccc.org/cart/view_item/handout_ministry_employment

The Faithful Steward: Reclaiming Stewardship for Christ's Kingdom

http://www.cccc.org/cart/view_item/book_faithful_steward

Affiliate members are given access to many online webinars, a fillable T3010 form, opportunity to speak and correspond with their team of experts, etc.

For further details, contact the Canadian Council of Christian Charities, 1-43 Howard Avenue, Elmira, ON N3B 2C9 Phone: 519-669-5137 Fax: 519-669-3291 Email: mail@ccc.org

The Pension and Insurance Board

Providing services to staff of our Convention churches, Convention office, faculty and staff of Crandall University and to the staff of the Atlantic Baptist Foundation:

Canadian Baptist Pension Plan;

- work on a national level to ensure good services are provided to the participants
 - select and review performance of fund managers
 - develop/review investment policies
 - select and review performance of record keepers
 - provide Plan members with resources to assist with investment decision-making
- financial planning seminars offered at no cost to Plan members and their spouses.

Provision of Various Insurance and Health Plans;

- basic and optional life insurances
- dependent life insurance
- accidental death and dismemberment insurance
- long term disability insurance
- medical/dental coverage
- employee assistance program

Supplemental Pension Benefits;

- monthly pension supplements for those on low income
- life insurance premiums paid for retired ministry staff
- subsidy to ministry staff residing in property owned by Atlantic Baptist Senior Citizens Homes, Inc
- Medical Premiums paid for those receiving LTD benefits

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CANADIAN BAPTIST PENSION PLAN

THE CANADIAN BAPTIST PENSION PLAN is a defined contribution plan. The Canadian Baptist Ministries National Pension and Insurance Committee, which has representation from our Sister Conventions and Canadian Baptist Ministries, meets on a regular basis to review Plan regulations and performance. The fund manager is Great West Life Investment Management. The record keeper for the Plan is Sun Life Financial. The Plan consultant is Proteus Performance Management.

ELIGIBILITY

Any person is eligible to enroll in the Canadian Baptist Pension Plan, provided he\she has not attained the age of 71 years at the time of making application, is not enrolled in any other Group Pension Plan, and is serving as either:

- a) a full-time leadership person, ordained or otherwise (such as Minister, Assistant Minister, Minister of Visitation, Minister of Christian Education or Minister of Music), who is employed by a church of the Convention; such employees are eligible to join the Plan upon date of hire, or
- b) a permanent full-time or part-time employee of a church of the Convention who works a minimum of 700 hours per year in either Nova Scotia or Prince Edward Island. The minimum requirement for New Brunswick and Newfoundland is that employees earn a minimum of 35% of the Yearly Maximum Pensionable Earnings (\$48,300 in 2011), which is \$16,905. Employers may wait for up to one year after the date of hire before they are required to offer Plan participation, or they may elect to waive the waiting period and enroll the employees upon date of hire.

Further details on the Plan are available at the following website -

http://www.baptist.ca/documents/Church_Admin/Canadian_Baptist_Pension_Plan_-_Plan_Text_2006.pdf . You may also wish to contact our Benefits Coordinator, Karen Gunn, at 506-635-1922, ext 108.

INDIVIDUAL ACCOUNT

An individual account will be established for each member and credited with contributions by the member and the employer on his\her behalf. These contributions will be credited with interest from the date the contributions are received by Sun Life Financial.

BASIC CONTRIBUTIONS

The pension premium is 12% of the member's salary, *including the value of housing provided*, whether it be the fair rental value of the parsonage plus utilities, or the amount of the housing allowance. Each member will contribute, by payroll deduction, 6% of earnings and the employer will contribute an equal amount on his\her behalf.

CANADIAN BAPTIST PENSION PLAN (Cont.)

BASIC CONTRIBUTIONS (Cont.)

Pension payroll deductions and matched contributions must be forwarded on a monthly basis as soon after the end of each month as possible, in order to reach the offices of Sun Life Financial on or before the 10th day of the following month. Employers may set up pre-authorized debits on their bank accounts to ensure timely remittance of contributions. These pre-authorized debits will not be "automatically" deducted, as monthly authorization by the church treasurer is required in order for the amount to be deducted.

INVESTMENT FUND OPTIONS

The Canadian Baptist Pension Plan has four pension fund investment options for members, **Conservative, Moderate, Balanced** and **Aggressive** Funds. In addition, a new **money market fund** has been established for those who wish to put their pension funds in a low interest, low risk account for a short time. As the names would imply, the investment risk associated with them is different with each Fund. Members are asked to choose the Fund they are most comfortable with, based upon the level of risk they are willing to accept. Members are encouraged to reevaluate their risk tolerance on a regular basis. For more details please contact Sun Life Financial at 866-733-8613.

ADDITIONAL CONTRIBUTIONS

It is possible for the member to pay additional voluntary premiums up to the yearly maximum, as permitted under the provisions of the Income Tax Act for contributions to a Registered Retirement Plan. This must be done through the member's payroll.

INSURANCES and MEDICAL COVERAGE

If someone meets the eligibility requirements to enroll in the Canadian Baptist Pension Plan and works a minimum of 20 hours per week, then he/she will also be enrolled in all of the insurances and the medical/dental plan. If he/she is already enrolled in another group medical plan the coverage may be waived upon proof of insurance. The premiums for these benefits will be billed to the church on a monthly basis. There is an option to have this payment directly withdrawn from the churches bank account on the 15th of every month. Please contact Karen Gunn, Benefits Coordinator, for further details.

BASIC LIFE INSURANCE

Each member is insured for \$40,000, at a cost of \$9.04 monthly. If this premium is paid by the church it represents a taxable benefit to the member and must be reported on the member's T4 slip.

INSURANCES and MEDICAL COVERAGE (Cont.)

OPTIONAL LIFE INSURANCE

Members are encouraged to purchase additional coverage for themselves and/or their spouse. The monthly rates for each 25,000 unit are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>	<u>Age</u>	<u>Male</u>	<u>Female</u>
Under 30	\$0.75	\$0.75	45 -- 49	\$3.75	\$2.50
up to 35	1.00	0.75	50 -- 54	6.50	4.50
35 -- 39	1.25	1.00	55 -- 59	10.25	7.00
40 -- 44	2.25	1.50	60 -- 64	15.00	10.25

SPOUSAL & DEPENDENTS LIFE INSURANCE

Under this coverage the member's spouse is insured for \$10,000 and each dependent child for \$4,000, at a cost of \$2.44 monthly. If this premium is paid by the church it represents a taxable benefit to the member and must be reported in Box 14 and Box 40 of the T4 slip.

ACCIDENTAL DEATH AND DISMEMBERMENT

This coverage provides \$25,000 benefit in the event of the accidental death of the member. The monthly cost is \$0.55 and is not a taxable benefit.

EMPLOYEE ASSISTANCE PROGRAM

The EAP service provides confidential counseling to members and their families. The monthly cost is \$2.97 and is paid by the employer.

SHORT-TERM DISABILITY

Short-Term disability insurance coverage is not currently available to members. However, should a member become disabled while employed, such that he/she is unable to perform his/her duties for an extended period of time, it is recommended the church establish a Supplemental Unemployment Benefits (SUB) Plan. This Plan will allow the church to pay the member up to 40% of his/her pre-disability earnings for up to four months, while he/she receives Employment Income Benefits of 55%. Please contact Daryl MacKenzie, Director of Operations, for further details, at 506-635-1922, ext. 107.

If there is any possibility the disability could become severe and prolonged the member needs to apply as soon as possible for Long Term Disability through Karen Gunn, Benefits Coordinator, and for the Canada Pension Plan disability pension. These pensions commence from the fourth month after the member is deemed to have become disabled.

INSURANCES and MEDICAL COVERAGE (Cont.)

LONG-TERM DISABILITY INSURANCE

This insurance provides a monthly benefit equal to 67% of the member's pre-disability income. This benefit begins four months after the member has been deemed to have become disabled. The premium is \$2.07 for every \$100.00 of benefit coverage. For example, if the member's total salary package is \$50,000, he\she would have benefit coverage of \$33,500 (67%), and the annual premium would be \$693.45.

The Long-Term Disability Insurance is contracted nationally with Great West Life as an employer-provided benefit. As such, the employer is required to pay the full premium.

CONFIDENTIAL INFORMATION SHEET (Appendix A)

The Confidential Information Sheet must be completed annually as soon as the new salary information is available. One copy is returned to the Pension and Insurance Board, with copies retained by the member and the Treasurer. This information is used to determine the amount of the member's Long-Term Disability Insurance coverage. Therefore, **it is extremely important** we have an accurate record of the member's salary plus housing benefit for the year to ensure coverage is adequate.

Please do not include benefits other than those listed on this sheet (i.e. do not include car allowance).

MEDICAL\DENTAL PLAN

Premiums collected are placed in a resource pool from which claims plus the administration costs are collected. Future premiums are based upon claims experience. Each member is asked to use the plan wisely in order to keep costs down. Vision care coverage has been increased to \$200 every two years for prescription glasses. The monthly premiums, effective January 2011 are as follows:

	Regular Plan With Dental	Retired With Dental Coverage No Drug Coverage
Single Coverage	\$115.00*	\$70.00
Family	275.00*	140.00

ADMINISTRATION FEE

In addition to the premiums charged above, the Pension and Insurance Board also charges an administration fee of \$5 per month to help offset some of the operating costs.

* - Good claims experience has allowed us to reduce the monthly premiums for 2011.

MINISTER'S SALARY RECOMMENDATIONS

January 1, 2011

The following are minimum salary guidelines, intended to assist a church in setting the salary package of a Minister who is the sole employee of one or more congregations. Additional compensation should be considered for a multi-staff church and a church located in a high cost of living area. For multi-point charges, the total church budgets should be used.

Step 1 **Base Salary** **\$30,900**

Step 2	Budget	% Added to Base Salary	\$
	\$0 - \$59,999	0%	0
	\$60,000 - \$99,999	5%	1545
	\$100,000 - \$149,999	7.50%	2318
	\$150,000 - \$249,999	10%	3090
	\$250,000 - \$299,999	15%	4635
	\$300,000 - \$349,999	20%	6180
	\$350,000 and above	25%	7725

Step 3	# of Years Ordained	% Added to Base Salary	\$
	0 - 4	0%	0
	5 - 9	10%	3090
	10 - 14	15%	4635
	15 - 19	20%	6180
	20 - 24	25%	7725
	25 +	30%	9270

Sub-Total
Add Value of housing and utilities
TOTAL SALARY PACKAGE (MINIMUM).....

In addition to the above, a minimum of 2.5% should be added to the Minister's total salary package on the completion of a major educational program, such as a Doctor of Ministry degree.

Associate Ministers, youth Ministers, etc. should be compensated according to the guidelines above and in relation to the salary package of the senior Minister.

Churches may be paying less than the amount indicated by the table. Attempts should be made to increase the Minister's compensation package as the church is able to do so.

MINISTER'S SALARY RECOMMENDATIONS (Cont.)

In some cases churches may be paying a salary package which exceeds the minimum recommended by the table. In each situation there can be a number of circumstances which will justify paying the Minister a higher figure.

When a pulpit committee is prayerfully considering the calling of a new Minister, its task must be to first determine if a candidate possesses the gifts needed to do the ministry. The negotiation of a salary package should always be secondary.

CANADIAN BAPTIST PENSION PLAN

The church contributes 6% of the Minister's total salary package, with the Minister paying 6% by payroll deduction. Included in the total salary package is the fair rental value of the parsonage plus utilities, or the amount of the housing allowance.

INSURANCES

Basic & Dependent Life, Accidental Death and Dismemberment, Long-Term Disability Insurances, Medical/Dental Plan and EAP are provided through the Pension and Insurance Board to each pension plan member employed for at least twenty (20) hours per week, the cost of which is invoiced to churches. It is recommended the church pay at least 50% of the life insurances and Medical/Dental Plan as a benefit for the member. The church is required to pay 100% of the Long-Term Disability and EAP premiums.

HOME OWNERSHIP SAVINGS PLAN

Where the Minister is provided with a parsonage it is recommended that, in addition to the above-mentioned salary package, a minimum of 2% of his\her salary package be contributed into an RRSP in his\her name. The intention would be that these funds would eventually be used to pay the down payment toward the purchase of a home.

VACATION

The church is to provide for an annual vacation with pay for a minimum of four weeks, including appropriate Sundays, provided the Minister has been employed there for a minimum of one year. **Vacation Pay Year** means the period from the first of July to the last day of June then following.

CONVENTION ASSEMBLY ALLOWANCE

It is recommended the church fully reimburse the Minister for all costs to attend the annual Convention Assembly, known as 'Oasis'.

CONTINUING EDUCATION

The church make available for continuing education annually:

1. up to 10 days, in addition to annual vacation;
2. \$500 tuition and\or books;
3. both could be accumulated.

MINISTER'S SALARY RECOMMENDATIONS (Cont.)

SABBATICAL

In ministry situations where the Minister has given many years of service and his/her ministry has resulted in a healthy growing church, the church may wish to consider granting a sabbatical to encourage spiritual and physical renewal, academic study and reflection, or to allow participation in a special ministry assignment resulting in significant personal growth. A well-designed sabbatical experience can result in increased ministry effectiveness in the future years.

Please contact Daryl MacKenzie at the Convention office for more details on this benefit.

COMPUTER ALLOWANCE

Due to the increasing use of the internet as a research and communication tool, we recommend the church provide the Minister with at least a basic monthly internet access.

GIFTS

A gift (either in cash or in kind) to a Minister is a benefit derived during or because of employment. However, where the value of a Christmas or wedding gift does not exceed \$100 and where the church does not claim its cost as an expense in computing the Minister's own taxable income, the gift is not required to be reported as income of the Minister.

Should a church follow the practice of collecting personal gifts from individual members of the congregation for the Minister at Christmas time, and the amount not be included in the income or expenses of the church, and those members not receive an official receipt for their gift, the amount would not need to be reported as part of the Minister's income. Such gifts would not be given in recognition of pastoral services rendered by the Minister, but in recognition of the personal relationship that develops between the Minister and the church members.

SETTING SALARIES

Authority should be given to a committee of 3 or 4 to inquire into all the circumstances relating to church staff salaries and come up with a recommendation to the Deacons Board on salary levels. The Deacons can question the committee and discuss the recommendation, but when they have come to a decision, this should be reported to the church business meeting but should not be debated by that body.

The matters that should be taken into account when setting salaries are:

- the recommendations of CABC for Ministers' salaries (ref pg 6)
- the hours of work;
- level of education and years of experience;
- comparable salaries in the community (similar education\experience);
- cost of living increases since the last raise.

EXAMPLE OF A MINISTER'S SALARY PACKAGE

Basic Salary		\$40,170.00
Housing		12,000.00
Total Salary Package		52,170.00
Amount Deducted For Pension (6% total salary)		3,130.20
Life Insurance Premiums Paid by the Church		
Basic	\$108.48	
Dependent	29.28	137.76

Amount subject to income tax deductions:

Total Salary	\$52,170.00	
Less Housing	-12,000.00	
Less Pension	- 3,130.20 (Employee's share)	
plus Insurance	<u>+137.76</u>	\$37,177.56

Amount subject to EI Premiums:

Total Salary	\$52,170.00	44,200.00 (Max)
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Amount subject to CPP Premiums:

Total Salary	\$52,170.00	
less Housing	-12,000.00	
Plus Insurance	<u>+137.76</u>	40,307.76

(In addition, the CRA tax tables also take into account the \$3,500 personal exemption for employees)

MINSTER'S HOUSING

The legislation to implement the clergy residence deduction provisions was passed into law on June 14, 2001. Members of the clergy, regular Ministers and members of religious orders, who also meet the function tests described in the Canada Revenue Agency Interpretation Bulletin IT-141R, may now claim a maximum deduction equal to the fair rental value of the home occupied PLUS the cost of utilities. Assuming a full year of employment the deduction is as follows:

- 1) For eligible individuals whose gross remuneration from the qualifying employer, including all taxable allowances, is \$30,000 or less per annum, the claim is the lesser of
 - (a) \$10,000 and
 - (b) the total of the fair rental value PLUS the cost of utilities.
- 2) For eligible individuals whose gross remuneration from the qualifying employer, including all taxable allowances, is greater than \$30,000 per annum, the claim is the lesser of
 - (a) the fair rental value PLUS the cost of utilities, and
 - (b) one-third of gross remuneration.

Fair Rental Value is the estimated monthly amount that the accommodation can be rented for, without heat or utilities supplied. Usually a local real estate agent can give the church a written estimate of the fair rental value. If an agent is not available, an estimate can be made by the church trustees, based upon the size and condition of the home and in comparison with other rented properties in the area.

Utilities, as understood by the Canadian Council of Christian Charities, will include electrical, heating, water and sewer expenses. Other expenses, such as telephone, cable and internet costs, are NOT included under the definition of "utilities".

MINISTER'S HOUSING (Cont.)

Utilities (Cont) - In situations where there is a phone in the parsonage but there isn't one in the church, the phone costs, other than personal calls made by the Minister's family, should be seen as an expense of the church and not a taxable benefit to the Minister. If, however, the Minister is provided with a phone and there is also a phone in the church (different phone number), then the cost for the parsonage phone would be seen as a taxable benefit to the Minister.

In addition to reducing the amount of income tax deducted from a Minister's pay, CPP premiums will be reduced as well. Since EI premiums are based upon the total salary package, there will be no reduction in those premiums.

The Minister is required to complete the CRA Form T1223E on a yearly basis. A copy of this form must be sent with the Minister's income tax return.

Form T1223 - <http://www.cra-arc.gc.ca/E/pbg/tf/t1223/t1223-fill-09e.pdf>

Anyone claiming the clergy residence deduction is required to complete and send in CRA Form T1213 - Request to Reduce Tax Deductions at Source. This form must be filled out and submitted to the local tax office as soon as possible for approval. Ministers will be required to include a copy of Form T1223 for 2011 as a supporting document. Form T1213 will have to be filled out annually in the Fall in order to receive permission for the following year. If the Minister decides not to do this, the treasurer is required to deduct income tax and CPP on the Minister's total salary and the Minister can make a claim to receive the income tax back by way of the Form T1223 when completing their Income Tax Return.

Form T1213 - <http://www.cra-arc.gc.ca/E/pbg/tf/t1213/t1213-10e.pdf>

COMPLETING THE T4

The following information is given to assist the Treasurer when completing the T4 form for all employees of the church.

BOX 14 - EMPLOYMENT INCOME BEFORE DEDUCTIONS

- ▶ basic salary
- ▶ housing allowance or value of housing provided (including utilities)
- ▶ life insurance premiums paid by the church. For 2010 the premium for Basic Life was \$120.48, and for Spousal and Dependents Life was \$26.64. Do not include any part of the premium that was paid by the employee.
- ▶ RRSP contributions paid by the church for the employee

Do NOT include the following:

- ▶ car allowance, if it is a true reimbursement
- ▶ education and book expenses if they are reimbursed
- ▶ employer contributions to the Canadian Baptist Pension Plan
- ▶ employer contributions to the Medical\Dental Plan, Long-Term Disability Insurance, AD&D Insurance or Employee Assistance Plan.

BOX 20 - REGISTERED PENSION PLAN CONTRIBUTIONS

Record the total amount of contributions, including voluntary contributions, which were deducted from the **Employee's** salary and remitted to his\her Canadian Baptist Pension Plan account. **Do not include the Employer's contributions.**

BOX 30 - HOUSING, BOARD AND LODGING

- ▶ Fair Rental Value of the Minister's housing, where a parsonage is provided (do not include housing allowances)
- ▶ cost of utilities provided

BOX 40 = OTHER TAXABLE ALLOWANCES AND BENEFITS

- ▶ life insurance premiums paid by church
- ▶ RRSP contributions paid by church

BOX 50 - PENSION PLAN REGISTRATION NUMBER

- ▶ The Registration Number for the CBM Pension Plan is **0345769**.

BOX 52 - PENSION ADJUSTMENT

- ▶ Report the total (employee plus employer) contributions, plus voluntary contributions, which were made to the employee's pension plan during the previous year.

BOX 85 - MEDICAL PREMIUMS

- ▶ Report the total premiums which have been paid by the employee during the previous year.

MINISTER'S TRAVEL EXPENSE

The Minister's travel allocation must be based upon actual kilometres traveled on behalf of the employer. Therefore, churches may do one of the following:

1) Pay the Minister a Regular Monthly Travel Allocation

The amount of the travel allocation should be based upon previous travel experience and upon any anticipated changes which could affect the amount of travel. The Minister is required to keep a log of his\her travel on behalf of the church. At the end of the year the Minister must provide the Treasurer with a letter, stating the total number of kilometres he\she traveled on behalf of the church. **For 2011, we recommend that the Minister be compensated on the basis of 38¢ per kilometre.** The travel allocation is a reimbursement for expenses and is not recorded on the Minister's T4 slip.

Should the Minister be overcompensated for travel, Canada Revenue Agency (CRA) requires that the overpayment must be returned to the employer.

If the Minister is under compensated for his\her travel, this would be unfair to the Minister and the amount of the travel allocation would not correctly reflect the requirements of the church.

2) Monthly Reimbursement For Travel

Have the Minister submit an expense claim to the Treasurer on at least a monthly basis for reimbursement. Again, we recommend that the Minister be paid 38¢ per kilometre.

3) Not provide the Minister With a Travel Allocation

The Minister's salary level would be increased appropriately and the Minister would be responsible to keep a detailed record of all costs relating to the operation of his\her own vehicle. He\she would then file a more detailed income tax return. It is important to note that if the church chooses to pursue this option, it will mean increasing the Minister's income tax deduction, CPP, EI and Canadian Baptist Pension Plan contributions. The church would need to increase its CPP, EI and Canadian Baptist Pension Plan contributions as well.

DEDUCTIONS

TUITION FEES

Only the Minister is entitled to claim a deduction for his\her tuition fees paid. If tuition fees are paid for by the church, the Minister is not allowed to claim a deduction, nor is this benefit taxable to the Minister.

MOVING EXPENSES

Any costs of moving from one place of employment to another may be deducted by the Minister from his\her earned income, as long as he\she has not been reimbursed by the church. Where the church pays the reasonable moving costs of the Minister, the amount paid by the church is not treated as a taxable benefit to the Minister, and no amount is deductible by the Minister in respect of the reimbursed costs.

DEDUCTIONS NOT ALLOWED

The Income Tax Act does not allow the Minister to deduct expenses such as books and periodicals, entertainment costs (church meetings, etc.), clerical vestments, babysitting (while engaged in carrying out church duties), etc. However, it shall be noted that if the church paid for the expenses on behalf of the Minister, this is not seen as a taxable benefit to the Minister. Receipts for purchases must be given to the Treasurer.

INTERIM MINISTERS

A church without a Minister does not have to pay out as much as when there is one. The cost for pulpit supply is usually quite a bit less than the salary paid to a Minister, but this difference should not just be lost in the decrease of operating expenses. The money should be set aside in a separate account and used to pay for the travel and expenses of Ministers who are brought in with a view to the ministry.

It will also be useful to defray the cost of moving expenses of the new Minister, which can be substantial. If there is anything left over after meeting these expenses, it can be used to help pay for the raise which the Minister will be getting in due course. A savings account should be opened and the amount saved by not paying a regular Minister should be deposited into it until needed.

VISITING PREACHERS

Decide in advance on the policy you intend to adopt regarding the payment of visiting preachers. When someone comes to preach, he\she deserves a preaching fee, as this is his\her livelihood, but you may decide not to pay members of your congregation who act as supply. Whatever your policy is concerning preaching fees, it is only polite to offer traveling expenses. For 2011 we recommend the preacher be paid 38¢ per kilometre.

The method of payment is also important. The task that is being performed is a dignified one and the payment should be done in a dignified manner. Have a cheque prepared in advance (complete with all necessary signatures!) and hand it to the preacher, preferably with a short note of thanks, in an envelope.

CONVENTION STAFF

The Executive Minister, Regional Ministers and Directors are willing to conduct seminars, workshops, to speak at induction and ordination services, and preach at Sunday services. Churches are not asked to reimburse the Convention for the time taken by staff to prepare messages and to speak at the events, because these are some of the services Convention provides. Churches are asked to reimburse the Convention for the travel expenses involved. Cheques may be made payable to the Convention of Atlantic Baptist Churches.

CHURCH DISCOUNTS

FURNACE OIL

Irving Oil Limited has established special pricing on furnace oil for churches that are affiliated with the Convention of Atlantic Baptist Churches. Further information is available at <http://baptist-atlantic.ca/departments/operations/oil> or you may contact our Irving representative by email - Bernice.o'brien@irvingoil.com or by phone - 1-506-651-9938.

BLANKET PROPERTY AND LIABILITY INSURANCE

Approximately 400 churches are part of the blanket property and liability insurance which is carried by the Royal and Sun Alliance Insurance Company, through The Safety Group, of Hartland, New Brunswick.

For further information on this plan and the current pricing, contact Mrs. Kelly Simonds at The Safety Group, 538 Main Street, Unit 1, Hartland, NB, E7P 2N5.
Phone Number: 1-800-267-8006; Fax No. (506) 375-4232

CHARITABLE RECEIPTS

An individual may claim the appropriate tax credit for a gift made to a registered charity only if the amount of the gift is proven by filing a receipt issued by the charity which contains the prescribed information. Such receipt is referred to in part 3500 of the Income Tax Regulations as an official receipt. An official receipt issued by a charity must contain the following information:

1. the statement "an official receipt for income tax purposes";
2. name and address of the organization as recorded with CRA;
3. the registration number assigned by CRA;
4. the serial number of the receipt;
5. the place or locality where the receipt was issued;
6. where the donation is a cash donation, the date the donation was received;
7. where the donation is a gift of property other than cash:
 - the day in which the donation was received;
 - a brief description of the property;
 - tax cost of a gift other than a cash gift if the property was acquired by the donor within three years, or as a tax shelter, and
 - name and address of the appraiser of the property if an appraisal is done;
8. the day on which the receipt was issued, where the day differs from the day the charity received the donation;
9. the name and address of the donor, including, in the case of an individual, his\her first name and initial;
10. the amount that is:
 - the amount of the cash donation, or;
 - where the donation is a gift of property other than cash, the amount that is a fair market value of the property at the time that the gift was made;
11. the following wording - "For information on all registered charities in Canada under the *Income Tax Act* please contact Canada Revenue Agency www.cra.gc.ca/charities."
12. the signature of an individual authorized by the charity to acknowledge donations.

Receipts should contain only the required information. Where a gift is designated by the donor for a particular purpose, i.e. for the support of the ministry of a particular individual, this designation should not be shown on the official receipt.

CHARITABLE RECEIPTS (Cont.)

DESIGNATED GIFTS

Gifts may be given to the church, designated for programs and missionaries of other Canadian Charities, subject to the approval of the church body. Gifts may not be given which are designated for the personal benefit of any individual, i.e., gifts of money for Christmas or birthdays.

Gifts may **not** be given through the church directly to an individual serving as an independent missionary, unless all of the following criteria are met:

1. The church must, at a business meeting, accept the project and the missionary as an agent of the church who would be engaging in the project. When the project is too big and requires the support of a number of charities, one church should be named as the key church.
2. Using the phraseology of CRA, the church must demonstrate "supervision, direction & control". Correspondence from the missionary must contain more than just prayer requests; letters should also contain requests for guidance from the church from time to time, and the missionary should be required to report back to the church when on furlough.

RECEIPTING GIFTS FROM OTHER CHARITIES

An official receipt is only required where a gift is made to a charity and the donor wishes to claim a deduction for tax purposes for such a gift. An official receipt should not be given for a gift received from another registered charity. CRA has confirmed that an official receipt is not required in these circumstances.

LOST RECEIPTS

Where a receipt is lost and a new one is issued by the charity, the replacement receipt must be clearly identified as a replacement receipt and must show the serial number of the receipt it replaces. An official receipt which is spoiled must be marked "Canceled" and both the original and the duplicate must be retained by the Charity as part of its records. Where the amount of the donation, the day the donation was received, or the year during which the donation was received is incorrectly or illegibly entered on an official receipt, the receipt cannot be corrected, it must be canceled.

CHARITABLE RECEIPTS (Cont.)

DISHONORED CHEQUES

Where a charity receives a cheque to cover a gift and the cheque is not honored by the donor's bank on presentation, the charity should immediately communicate with the donor and request a replacement cheque. If a cheque is promptly replaced and the replacement cheque is honored on presentation, we understand that the gift would be considered to have been made when the original cheque was mailed or given, provided the donor, in good faith, believes that such cheque would be honored.

Where a charity is unable to have a dishonored cheque made good and an official receipt has already been issued, the charity should request the return of the official receipt for cancellation. If the charity is unable to recover the receipt, it should advise CRA that the particular official receipt was issued, was not recovered, and is invalid. This would generally be done with the filing of the charity's Annual Return.

GIFTS IN KIND

CRA has issued a booklet entitled "Gifts In Kind". If you have any questions regarding issuing receipts that concern gifts to charitable organizations, contact your local district tax office.

GOODS AND SERVICES TAX

The Federal Government's tax, known as the Goods and Services Tax or GST, replaced the Manufacturers' Tax on January 1, 1991. Effective Jan. 1, 2010 most goods and services sold in Canada are taxed at the rate of 5%.

In 1997 the Provinces of Newfoundland/Labrador, Nova Scotia and New Brunswick agreed with the Federal Government to combine the GST and Provincial Sales Taxes into a blended or harmonized tax (HST). Effective Jan. 1, 2011 the rate is 13% in New Brunswick and Newfoundland/Labrador, and 15% in Nova Scotia.

Registered Charities are entitled to a 50% rebate on all GST/HST paid. This means church treasurers are required to keep a record of each purchase which includes a payment of the GST/HST and they have to file for a rebate on at least an annual basis.

Churches are eligible to use the Simplified Method of claiming GST/HST rebates. You no longer have to identify the GST/HST payable on each invoice. Instead, you only need to add the total amount of your GST/HST-taxable purchases at the appropriate rate and multiply that total by a factor of 5/105 for PEI, 15/115 for Nova Scotia and 13/113 for New Brunswick and Newfoundland/Labrador. You are also able to claim GST/HST rebate on the amount spent for the Minister's travel allowance and travel expense claims. **NOTE:** This method may not be used to calculate rebates in respect of real property.

GOODS AND SERVICES TAX

Just follow these steps:

1. Add together all purchases that are *GST/HST*-taxable. **DO NOT** include amounts such as: expenses for which you have not paid *GST/HST*, such as salaries, insurance payments, interest, and other exempt and zero-rated purchases; purchases made outside Canada which are not subject to *GST*; purchases from a non-registrant; and refundable or rebatable provincial sales taxes.
2. Multiply your total taxable expenses as calculated in 1. above by the appropriate factor.
3. Multiply this amount by the rebate factor of 50%.
4. Complete the *GST/HST* Rebate Application For Public Service Bodies, Form *GST66*.

If you use the simplified method to claim rebates, you no longer have to identify the *GST/HST* paid from each purchase invoice. However, you have to keep documentation to substantiate claims for audit purposes.

RETENTION OF RECORDS

Each registered charity is required to keep records and books of account, including a duplicate of each official receipt it issues, to enable *CRA* to verify gifts made to the charity that are available for deduction or tax credit.

DUPLICATE OFFICIAL RECEIPTS

Duplicate official receipts (other than an official receipt issued for a gift where the donor directed that the funds be held for at least ten years) must be retained for at least two years after the end of the calendar year to which the receipt relates. Any records necessary to verify such receipts must also be retained for the same period.

RECORDS RELATING TO TAX WITHHOLDING

Records and supporting documents necessary to verify income tax which the charity is required to withhold from salaries, wages and amounts paid to non-residents must be retained for at least six years from the end of the taxation year to which the records relate. The *Canada Pension Plan* and the *Employment Insurance Act* also require employers to retain records and supporting documents for at least six years from the end of the year to which they relate to enable *CRA* to verify contributions and premiums required to be withheld from salaries or wages under these statutes.

PERMANENT RECORDS

A number of records and documents must be kept for two years after the registration of the charity is revoked. These are:

1. Minutes of meetings of members and the governing board of the charity;
2. All documents and by-laws governing the charity;
3. Duplicate official receipts and records relating to gifts made to the charity where the donor directed that the funds be held for at least ten years.

GOVERNMENT REPORTING FORMS - T3010

Each year your church must complete and file an Annual Information Return within six months of the charity's year end. The government supplies the reporting form "T3010B" for this purpose. Failure to file this return on time results in the church being de-registered. The cost to become re-registered is \$500.00.

DISBURSEMENT QUOTA

The disbursement quota for charitable organizations is 80% of the aggregate of gifts received by the organization in the preceding year for which it has issued official receipts, excluding:

- a) gifts received from other registered charities;
- b) gifts received by way of bequest or inheritance out of the capital of an estate;
- c) gifts received which are subject to a direction by the donor that the gift be retained by the charity for at least 10 years ("Ten Year Gift").

All gifts from registered charities, whether an official receipt is issued or not, are excluded from the disbursement requirement.

CARRY-OVER PROVISION

The Income Tax Act contains carry-over provisions for disbursements in excess of charities disbursements quota. Such excess may be carried back one year and forward five years. These carry-over rules are available to all charities and permission from CRA is not required.

PERMISSION TO ACCUMULATE FUNDS

The Income Tax Act contains a provision allowing the charity to accumulate property for a particular purpose. The charity must seek the approval of CRA to utilize this provision. There is no prescribed form for this purpose. The request should be in the form of a letter setting out the purpose for the accumulation, the approximate amount to be accumulated, and the period over which it is to be accumulated. This procedure may be used by a church to accumulate funds for a new building, an extension for an existing building, or for extensive renovations to an existing building. Generally, permission is only granted for the acquisition or improvements of tangible property and permission would not be granted to accumulate funds to be held as a reserve. CRA may impose certain conditions on the accumulation and will specify the period over which the funds may be accumulated.

GOVERNMENT REPORTING FORMS - T3010(Cont.)

Generally, a charity should only seek permission to accumulate funds if it would be unable to accumulate such funds without failing its disbursement quota.

QUALIFIED DONEES

Gifts made by a charitable organization to any qualified donee, which is defined to include any registered charity in Canada, are considered to be a devotion of these resources to charitable activities carried on by the organization itself, provided that the aggregate of such gifts (excluding gifts to associated charities, but including specified gifts) does not exceed 50% of the charitable organization's income for that year.

Income for the year for this purpose would include the aggregate of:

1. income, net loss from property (investments) and from any business activities (fees for services less related expenses) determined under the general rules in the Income Tax Act for computing income for the year from a source;
2. taxable capital gains (net of allowable capital losses) on the disposition of property in the year (i.e., 75% of the gain or loss);
3. gifts received in the year, including amounts received from other charities, but not including:
 - a) a gift of capital received by way of bequest or inheritance;
 - b) a gift received which must be held by the charity for at least 10 years;
 - c) a gift received from a non-charity where the donor was not allowed a deduction for the gift as a charitable donation or where no portion of the donor's income for the year was subject to tax in Canada; for example, governments, most non-residents, non-profit organizations, etc.;
 - d) a gift from a charity out of its capital or that is designated as "Specified Gift" by the donor charity.

GOVERNMENT REPORTING FORMS - T3010(Cont.)

QUALIFIED DONEES(Cont.)

The following is a list of some of the "Qualified Donees" to which your church might send gifts:

NAME	REGISTRATION NUMBER
• Crandall University	10673 6150 RR0001
• Acadia Divinity College (ADC)	11877 6723 RR0001
• Canadian Baptist Ministries (Including CBV, Partners in Mission and Sharing Way)	10684 3436 RR0001
• Convention of Atlantic Baptist Churches	11927 6228 RR0001
• Atlantic Baptist Mission Board	86318 2135 RR0001
• United Baptist Woman's Missionary Union	10815 1812 RR0001
• Union of French Baptist Churches	10814 9956 RR0001

The Convention sends out statements of church contributions on a quarterly basis to the church treasurers. These statements should be checked against the church records. If there appears to be a discrepancy the Convention office should be contacted. **At year end church contributions should be sent to the Convention office as quickly as possible in order to be included in the 2010 record of contributions. The Convention's financial books will be kept open until January 17, 2011.**

REMITTANCE OF CONTRIBUTIONS

Treasurers are asked to use the appropriate remittance forms when forwarding contributions to the Baptist Convention Office in Saint John, NB.

Remittances may be sent to the Baptist Convention office for credit to the following:

Acadia Divinity College	Saint John-Kings Hospital Chaplaincy
Crandall University	The Sharing Way (CBM)
Canadian Baptist Ministries *	Union of French Baptist Churches
December Communion Offering Fund	United in Mission
Halifax Hospital Chaplaincy	

* Offerings which are received during a missionary's visit are to be sent to the C.B.M. Atlantic Office, 1655 Manawagonish Road, Saint John, N.B. Also, any invoices which originate from that office.

Donations to non-Convention organizations are to be sent to them directly.

Attach to the remittance form your church's cheque for contributions to the above accounts, payable to: **Convention of Atlantic Baptist Churches**. An electronic version of the remittance form is available at the following location:

http://www.baptist-atlantic.ca/documents/cabc_monthly_remittance_form_0.pdf

2. In the following cases, cheques must be made payable to **Atlantic Baptist Mission Board**:
- Payments on loans from funds administered by the Board,
 - Payments to **Atlantic Baptist Mission Board** payroll,
 - Contributions for the work of the Board,
 - Contributions to the "New Churches Fund". There are pink remittance forms which can be used with this contribution.

GASOLINE EXCISE TAX

Gasoline excise tax is paid at the manufacturing level on all gasoline used in internal combustion engines. The tax is not levied on diesel fuel or heating fuels. The tax will be refunded to registered charities.

Refunds may be sought by filing the proper form within two years of the date the gasoline was purchased. The form application for refund of federal excise tax on gasoline (Form XE8) can be obtained from any excise, customs, taxation or post office. An information booklet is supplied with the form. You may also obtain the form online at <http://www.cra-arc.gc.ca/E/pbg/ef/xe8/> . Refund claims for amounts less than \$200 must cover a 6-month period, ending June 30th or December 31st, and these claims may be submitted at any time, after the end of that period. Refund claims of \$200 or more may be submitted at any time, subject to a maximum of one claim per month. As noted above, the claim must be filed within two years of the purchase period.

It is not necessary to enclose purchase invoices or receipts with the application, although adequate documentation must be retained for audit purposes. Ideally, purchase receipts should indicate the number of litres purchased.

A congregation which has reimbursed travel expenses has two options. It can attempt to retain documentation on gasoline purchases and claim the standard amount per litre or, if the reimbursement is on the basis of kilometres travelled, the congregation may claim \$0.0015 per km. or \$0.015 per litre.

MINISTERS' SUPPLEMENT FUND

The Pension and Insurance Board administers a Supplement Fund, which is used to supplement the income of disabled or retired Ministers, or the spouses of deceased Ministers from our Convention. Only the Benefits Coordinator, Director of Operations and Chair of the Pension & Insurance Board are aware of the individuals receiving a supplement. The amount allotted is based upon the needs of each individual.

Should you be aware of a person who would come under one of these categories and is experiencing financial hardship, please contact Karen Gunn, Benefits Coordinator for the Pension and Insurance Board.

DECEMBER COMMUNION OFFERING

Churches are asked to remit their December Communion Offering to the Baptist Convention Office. These funds are used at Christmas time to send a monetary gift to our disabled or retired Ministers, or to the spouses of deceased Ministers, where there is a financial need. During the year this fund is used to provide emergency financial assistance to Ministers and their families.

SAFETY DEPOSIT BOX

For a nominal sum a church can rent a safety deposit box at your bank. This should be used to keep copies of insurance policies, inventory of equipment and any other valuable documents such as leases, mortgages, certificates of title or investment certificates. The small outlay will prove invaluable in the case of a fire or burglary.

CASH CUSTODY AND SAFEGUARDING

Churches are advised to follow standard precautions when entrusted with the donations of church members. Although we do not expect that those who have been given positions as treasurers or tellers would attempt to misappropriate church funds, it is wise for us to protect these people from suspicion should any discrepancies in cash occur.

We recommend that there be three tellers to count church offerings. If only two are available, they should not be related to each other.

Wherever possible, once the offering has been properly accounted for, a deposit should be made through the night depository at the bank where the church operates its accounts. Cash should not be kept on the church premises.

We recommend that two signatures be required on cheques written on the church's account. Cheques should not be issued without proper documentation to support them.

CRA - CHARITIES DIVISION

You may call the Charitable and Non-Profit Organizations Section of Taxation in Ottawa and ask questions regarding registration guidelines, departmental policies and other administrative and legislative matters.

This bilingual service is available from 9:00 a.m. to 5:30 p.m. , Monday to Friday by calling 1-800-267-2384.

VIDEO COPYRIGHT

Do you show videos in your ministry, during the worship service or in a children's/youth program? If so, you may be violating copyright laws and may be liable to prosecution under the federal law.

Most motion picture studios place a restriction on where and how videos are to be shown. Movies which are rented from the local store can only be shown in homes and no admission fees may be charged. These restrictions are seen at the beginning of the video as it is played.

There are companies which provide annual site licenses to permit public viewings of these movies. However, you should note that not all movies are included in this license.

Audio Ciné Films, based out of Montreal, advises that their site license includes most of the major film producers, including the popular Veggie Tales videos. At the time of writing, Worldwide Pictures was not included in their list of producers. For further information, visit their website, www.acf-film.com or email: cbergeron@acf-film.com , or you may phone 1-800-289-8887.

Appendix A

* * * CONFIDENTIAL INFORMATION SHEET * * *
for
LONG TERM DISABILITY & PENSION CALCULATIONS

Member's Name: _____

ID #: _____
(last 6 digits of SIN #)

Effective Date of Salary: _____

TOTAL GROSS SALARY for 2011, which includes either:

- Basic Salary PLUS Housing Allowance OR
- Basic Salary PLUS Fair Rental Value of Parsonage AND utilities,
if paid by the church on behalf of the member

\$ _____

OF PAY PERIODS (Weekly= 52, Bi-weekly= 26, Bi-monthly= 24, Monthly= 12) _____

12% PENSION CONTRIBUTION PER PAY PERIOD = _____

(Total Gross Salary multiplied by 12% divided by # of Pay Periods)

** Total Pension Contribution per month is determined by multiplying 12% Pension Contribution per Pay Period multiplied by the number of pays for the month. (ie: Bi-weekly have 10 months with 2 pays and 2 months with 3 pays). This contribution must be remitted to Sun Life Financial by the 10th of month following the deduction.*

**Long Term Disability Monthly premiums are determined by Great West Life however premiums can roughly be calculated using the following: Total Salary / 12 x .67 x .0207*

TREASURER

MEMBER

Name: _____

Name: _____

Address: _____

Address: _____

Postal Code: _____

Postal Code: _____

Church: _____

Phone No.: _____

Phone No.: _____

Date: _____

IMPORTANT:

Return completed form to: **Karen Gunn, Benefits Coordinator**
The Pension and Insurance Board
1655 Manawagonish Road
Saint John, NB E2M 3Y2 or by fax: (506) 635-0366 or karen.gunn@baptist-atlantic.ca

Atlantic Baptist Foundation

CELEBRATING 50 YEARS OF FINANCIAL SERVICES

Providing opportunities for members and churches to earn a very competitive interest on savings, while at the same time allowing withdrawals of all or a portion of your funds at any time, without penalty.

Direct Deposit service is available.

Paying a very competitive interest rate, calculated semi-annually. Interest may be collected semi-annually or allowed to accumulate and compound until needed.

Savings Accounts * Trust Funds * Term Deposits

*** Retirement Savings Plan (RRSP)**

- Package may be printed from <http://www.baptistfoundation.com>

Retirement Income Fund (RIF, RRIF, LIF)

- Package may be printed from <http://www.baptistfoundation.com>

Monthly Savings & Income Plan * Special Grants

Church financing for new construction, renovations and other projects is restricted to Churches and Agencies affiliated with the newly incorporated Convention of Atlantic Baptist Churches

Contact Information:

35 Atlantic Baptist Avenue, Moncton, NB E1E 4N3

Office Phone: 506-857-9482

Office Fax: 506-852-4378

Emails:

Manager, Accounting - Mary McAfee - baptistfoundation@rogers.com

Manager, Client Services - Lisa Lewis - baptistfoundation2@rogers.com

Chief Administration Officer - Bob Martin - Marwood1@nbnet.nb.ca

website: www.baptistfoundation.com

Toll Free: 1-888-263-1444