

Canada Revenue Agency and STMs

Some practical guidelines to prevent problems in financing mission trips

BY PAUL LORIMER

You are going on a short-term mission trip but confusion reigns when you consider financing. What will the government allow as legitimate charitable donations? What expenses are the responsibilities of your local church? What are personal expenses?

control over STM resources.

In July 2009, Canada Revenue Agency (CRA) issued a 20-page paper, *Proposed Guidance on Activities Outside of Canada for Canadian Registered Charities*. CRA requested feedback on these guidelines by September 2009 as part of its consultative process. While the proposed guideline is not yet implemented, this paper provides further detail on CRA principles that have been in effect for some time.

From my perspective, it would be wise for churches to follow these guidelines for upcoming STM projects. If you have not seen this document, church treasurers in particular should view it at www.cra-arc.gc.ca/tx/chrts/cnslttns/ccrc-eng.html. The Canadian Council of Christian Charities (CCCC) also has valuable resources on Short-Term Missions at their website www.cccc.org.

However, here are some relevant points to keep in mind, especially for General Assembly Road Trips and other short-term mission trips you might be considering for 2010:

1. Each church should have a process to evaluate whether a particular requested STM trip should be approved as a ministry of the church. In the case of Road Trips, elders' boards should approve Road Trips, especially where the church is sending attendees beyond pastoral staff.
2. Where an STM trip is exclusively an STM trip and includes no



personal side trips, airfare and other legitimate expenses are bona-fide expenses of the church for charitable purposes. All funds donated for an STM trip under the direction and control of a local church are tax-receiptable gifts. Records and documentation need to be kept for STM expenses.

3. Sometimes the dominant purpose of a trip is for STM purposes, but there may be a short, personal side trip. Personal costs should be paid for personally—separate from resources that are under a church's direction and control.
4. If short-term missions trips are handled through an intermediary organization, tax-receiptable funds can be provided to another registered Canadian charity for that purpose. However, Canadian registered charities, like churches, can't be used as a passive conduit to redirect STM funds to non-Canadian charities. ☹

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We are blessed to live in a country where our charitable donations provide income tax credits. Under the Income Tax Act, charities are required to devote ALL of their resources to charitable activities. That means charities must exercise 'direction and control' over their charitable resources. That means churches, for example, must exercise direction and control over short-term mission (STM) trips the way it has similar oversight of benevolent funds.

Typically, an elders' board approves STM policy as they would benevolent policies. Then they approve a particular trip and participants similar to approving benevolent recipients. Just as donors cannot direct their benevolent donation to a particular individual, so too, they shouldn't direct STM donations to an individual. That would be considered a gift of private benevolence. Rather, the gift should be designated to the STM trip or project so that the church maintains direction and