

Image: www.edenpics.com
 ISSN 1714-1923

Special Bilingual
 Edition 2007

A message from the president . . .

In this number :

Page

Insurance program presentation	2
Insurance column	3
Things you need to know . . .	4
. . . you need to know (cont'd)	5
A VIP concept for evangelizing	6
Can a mortgage be negotiable ?	7
Board of directors, increase . . .	8
. . . your effectiveness (cont'd)	9
Redefining the term registration	10
. . . the term registration (cont'd)	11
Did you know . . . ?	12

Summary :

- News from QCCC
- Articles from our collaborators
- Important information
- Did you know that . . .
- Our services

*The information
 bulletin for
 today's charities !*

Already five years have gone by since the establishment of the Quebec Council of Christian Charities (QCCC). We have covered a great distance since we began our first steps in a tiny office set up inside Michele Marcoux's residence.

Fortunately, God in his great wisdom did not show us at the very beginning of this journey, all of the technical knowledge that we would have to master and all the efforts that would be required to gain the confidence of the leaders of the Christian community.

In our first edition of the "*QCCC Info Bulletin*" published in 2002, we had expressed the mission of the QCCC in the following terms: *« To promote and spread the gospel throughout Quebec, by helping churches and Christian charities with their administrative needs and therefore reducing the burden of those who have a calling to teach the Word of God or to exercise some*

Jesus tells us in
 His Word :
*« The harvest truly
 is great, but the
 labourers are few;
 therefore pray the
 Lord of the harvest
 to send out
 labourers into
 His harvest. »*

Luke 10 : 2

other kind of Christian ministry ». From the beginning, God embedded this mission in the very heart of its founders when they realized how many churches and Christian charities felt disorganized when confronted with the magnitude and the complexity of the technical information they have to master to properly administer their charity.

Throughout these years, much energy and resources were invested to fill those needs by making available to churches and

other Christian ministries, a team of professional, highly specialized, and having as unique objective to answer the calling of God. Gradually, the QCCC grew from one part time employee to six full time employees, in addition to a team of volunteers and professionals involved daily in the accomplishment of the mission. We have had the joy of participating in the establishment of over one hundred new Christian charities since our foundation. We have offered information, training, corporate, financial, tax, administrative and other services to more than 350 Christian charities.

We wish to thank our Lord for his constant support and fidelity in the moments of difficulties and discouragement. On many occasions, He has shown us that he is not the fruit of our imagination, but rather that He is a God well alive and very active in each of our undertakings and in our lives.

*Roger Thibault, CGA
 QCCC President*

An insurance program for you !

INSURANCE PROGRAM



For Québec Churches and Christian Charities

We believe
in absolute
protection



Lombard
Canada®

OFFICIAL PARTNER



stability • know-how • commitment

LUSSIER
INSURANCE FIRM
& financial services inc.

www.lussierassurance.com ■ 1.888.842.9881

IT'S HERE AT LAST !

It is with great enthusiasm and joy that we introduce today the accomplishment of a project that has been close to our hearts since the creation of the QCCC in 2001. In the last five years, we have been working on a project to elaborate an insurance program that would best serve the needs and particularities of the Christian churches and ministries of Quebec.

We have been looking for an insurance firm that was stable and committed to excellence; a firm that could offer the Christian organizations more than an adequate protection, but a firm that could offer a superior service and know-how. We wanted to make sure the insured churches and ministries would have insurance policies they could not only read but also understand !

This is what **LUSSIER, Insurance Firm** is offering you today . . .

« **ALPHA/OMEGA** »
Insurance Program

Here's the program we've been waiting for ! As an official partner, we encourage you to visit our website for more details on the program, and also to read the enclosed detailed pamphlet. The benefits are more than advantageous for your organization and as an « *affiliate member* », **LUSSIER, Insurance firm** is offering you . . .

... « **AN ANNUAL DISCOUNT** »
ON YOUR INSURANCE PREMIUMS !

It is their way of supporting and encouraging the QCCC in the pursuit of its mission to serve you better.

We invite you to contact **LUSSIER, Insurance firm** who can answer the needs of organizations such as yours.

*Call LUSSIER, Insurance firm & financial services
at 1.888.842.9881 today !*

INSURANCE COLUMN

The Co-insurance clause . . .

I thank the QCCC for the opportunity to write an article on damage insurance in its bulletin. To begin this column, I believe the explanation of the « *Co-insurance clause* » is most important.

Most policies contain an 80% or 90% Co-insurance clause on its property coverage. The percentage of the clause can be seen on the *Declaration page* of the policy, where the limit of insurance on your property is written. The explanation of the clause is found under the *Property Damage* section of the policy. To obtain an adequate settlement of a claim, the conditions of this clause must apply. The following example used on a building, will enable you to understand its importance. The Co-insurance clause applies also to the contents, as well as any article where it is mentioned :

1. The replacement value of your church building is \$1,000,000 ;
2. Your insurance policy contains a 90% Co-insurance clause which means that the minimum limit of insurance must be \$900,000 or 90% of the replacement value of your building ;
3. The actual insurance limit on your policy is \$700,000 ;
4. If a fire causing damages for \$400,000 occurs, you could receive \$311,111, less your deductible. (*calculated as the example below*)

We used a 90% Co-insurance for this example as it is the percentage applicable on our insurance program. For an 80% or 100% Co-insurance clause, the calculation would be modified accordingly. **How-**



ever, it is strongly suggested to insure your property at 100% of its replacement cost.

In order to obtain satisfaction in a claim settlement, it is important that the limits of insurance be verified annually, when you improve the building and acquire additional contents.

In the case of a church building, it is recommended that you obtain a *professional evaluation* with an annual update, calculated according to the inflation rate of the construction material and labour.

For additional information, please do not hesitate to give us a call.

Josée Aubry, C.I.B.
Damage Insurance Broker
Lussier Insurance Firm & Financial Services Inc.

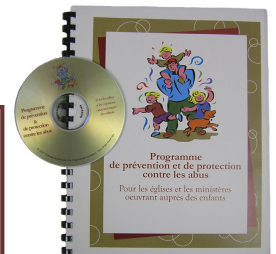
The limit of insurance of \$700,000, multiplied by the loss of \$400,000 divided by the minimum limit of insurance of \$900,000 that you should have had :

$$\frac{\$700,000. \times \$400,000.}{\$900,000.} = \$311,111$$

Why should I become an affiliate member ?

Becoming a member not only brings many benefits to your organization, but it is also a source of encouragement and blessings for the *Quebec Council of Christian Charities* who faces many challenges . . . one of them being the translation of such tools as : Info Bulletins, Guide for the Minute Book, Prevention & Protection Program for children***, "Tool Boxes" training manuals, and much more !

Thank you for considering to join soon !



*** Available French only

Important things you need to know . . .

CONCERNING THE T3010A

CRA REQUIREMENTS CONCERNING FINANCIAL STATEMENTS

The requirements of Canada Revenue Agency (CRA) and the Ministry of Quebec Revenue (MRQ), concerning the financial statements accompanying the registered charity information return T3010A and TP-985.22, are rather basic. In the *Guide to completing the registered charity information return (T4033A)* one can read the following information: *At a minimum, financial statements consist of at least a statement of assets and liabilities and a statement of revenue and expenditures for the fiscal period. The financial statements must indicate the various sources of income of the registered charity and how the money is spent.*

It is important to note that the financial statements can be given to the public, on request. The charities have a choice of their accounting method (accrual or cash basis). They can choose to produce it internally or through an external resource. When financial statements are produced internally, one should be careful not to give the impression that the work was carried out by a third party, independent of the charity.

The requirements of the charity, of its board of directors and members, in regard to the financial statements, and according to the charity's bylaws, should be higher than those of the tax authorities. Financial statements are one of the components of the registered charity's information return. The return must be signed by a director, a trustee or like official of the registered charity. The person signing the return certifies to the best of his knowledge, that the return is correct, complete, and up-to-date.

EXPENDITURES TO CARRY OUT CHARITABLE ACTIVITIES

The *expenditures to carry out its charitable activities* (line 5000 - T3010A) is used (with the gifts made to qualified donees) to establish if the charity meets its disbursement quota (DQ).

For the past years, the position of the Quebec Council for Christian Charities (QCCC) has been to consider that all church's expenses were part of acceptable expenditures. The Canadian Council for Christian Charities (CCCC, a charity leader throughout English Canada) has adopted this position for several years. Although this is not CRA's position, the Canadian government never disputed the interpretation of the CCCC.

During the year 2006,

CRA carried out a Charities Directorate Roadshow with its main subject being the registered charities information return (T3010A). On May 13, 2005, Bill C-33 received royal assent and came into effect for fiscal periods that begin after March 22, 2004. With this new regulatory reform revising regulations for registered charities, CRA clearly intends to be more strict in its regulation of charities. During the roadshow, trainers emphasized the allocation of acceptable expenditures to satisfy the DQ. The QCCC and CCCC thus recommend following CRA directives. Therefore professional fees, bank charges, maintenance expenditure of rented installations for social functions (not religious) and several other expenditures related to nonreligious activities, are not part of acceptable expenditures. These expenses are management and administration



Henceforth, a member of the clergy will be able to deduct in the calculation from his income, an amount with regard to his residence only if he is required to make use of or utilize such residence in the course of his office or employment. Since there is not yet an official text of the law (L.I.R. - Law for Income tax), one cannot know, in a clear way, how the legislation will be applied. It is possible that all members of the clergy having an office in their place of work (church) cannot benefit any more from the CDR. Moreover, as the deduction decreases the amount of RRQ to be paid for the private individual and the employer, the rejection of the deduction by Revenue Quebec could involve penalties for insufficient RRQ contributions. One can request a reduction of tax from deduction at source by joining the T1213 form to T1223 to the federal and form TP-1016 to the TP-76 to the provincial government. In both cases, the government authorities must confirm, in writing, their approval.

Continues next page

IMPORTANT NOTICE

QUEBEC CHANGES TAX TREATMENT OF CLERGY

Revenue Quebec Ministry (*MRQ*) decided to modify its legislation concerning the clergy residence deduction (*CDR*). On December 20, 2006, in Bulletin 2006-6, MRQ announced that the modification was effective for the 2007 taxation year.

Important things you need to know . . . (cont'd)

What does CRA say concerning donation of goods & services ?

Although we have already treated the subject in a preceding Info Bulletin, the number of calls received lately justifies a fresh review of the matter.

In the first case, and this is a very widespread practice in churches and Christian ministries, a member receives a cheque as reimbursement for an expenditure made on behalf of the charity and he decides to make a gift of his refund to the charity. To save time, he endorses the cheque and he gives it back to the treasurer. In general, the **Canada Revenue Agency** (CRA) accepts that the charity can give an official donation receipt when a member gives up his refund in favor of the charity **if** the following conditions prevail :

- ◆ the member spent the money in the name of the charity;
- ◆ the member has the right to be refunded for such expenditure by the charity under the terms of agreement in force within the charity;
- ◆ the charity issues a refund cheque to the member covering the amount of the expenditure required by the member and which is supported by receipts;
- ◆ the member, of his own will, decides to give again in part or in total

the refund amount to the charity (there cannot be any agreement or promise, written or verbal, according to which the member will give the refund to the charity).

Thus, there is no ambiguity on the part of the charity about issuing a receipt in a similar situation. What could prove problematic is the way of making the gift. The charity must distinguish between two transactions. The first transaction is when a cheque is issued to reimburse the member (the person who personally paid for the purchase) and the member deposits this cheque. The second transaction is a gift, in the form of a personal cheque drawn from the account of the member payable to the charity.

In the second case, a member of the church wishes to make a gift of his services. For example, a member commits himself to do building maintenance as a gift. According to CRA's rules, a member needs to submit an invoice to the charity for his time and the church will issue a cheque to the member to pay for the invoice. Thereafter, the member will give to the church a cheque, drawn from his personal bank account, as a donation.

In the third case, a member makes a gift-in-kind (for example a car) to the church. The church will issue an official donation receipt for an amount equal

to the "**fair market value**" (FMV) of the car the day it was received. It is recommended to have the gift-in-kind appraised if its value exceeds 1000 \$. Otherwise, it is not a legal requirement to have the gift appraised. If the gift was appraised, note the name and address of the appraiser. If the good was not appraised, the charity must be able to prove the value of the item.

The CRA has enacted a new policy relating to the "*deemed fair market value*" (DFMV) of gifts-in-kind. The DFMV is the lesser of the DFMV and the cost the donor paid. However, this rule does not apply to gifts of inventory, real or immovable property located in Canada, and gifts acquired following the

CRA DEFINITION OF A « SPECIFIED » GIFT

death of a taxpayer.

The expressions *SPECIFIED GIFT*, designated gift, restricted gift, gift for special projects are all current expressions for Christian charities but for CRA, the term "*specified gift*" has a significance which is very different from those used by churches and Christian ministries. CRA says: "*A specified gift results from an agreement between two registered charities. It is a gift from one registered charity to another, where*

the charities involved choose to make the transfer without affecting the disbursement quota (DQ) of either charity. A gift becomes a specified gift if the donor charity identifies it as such in its information return for the year."

When a charity donates a *specified gift* to a qualified donee, they must identify it as such on line 5070 (Total specified gifts donated to registered charities) of the Registered Charity Information Return T3010A. A gift becomes a *specified gift* if you, the donor charity, identify it as such on its declaration return (Form T1236-Qualified Donee Worksheet) for the year and inform the recipient charity that it is a *specified gift*. The total amount of *specified gifts* the charity made to other registered charities should be included on line 5070.

There are different tax consequences for *specified gifts*. *Specified gifts* under the Income Tax Act allow for the transfer of gifts from one registered charity to another registered charity. The transfer amount will not increase the recipient charity's disbursement quota for the year, nor can the donor charity use the *specified gift* to satisfy its own DQ.

The term "*specified gift*" is an income tax term and may include restricted funds or funds tied to a specific use.

Gilles Tremblay, CMA
SCCC

A VIP concept for evangelizing ?



Do you think about "evangelism"?

Why not think about the VIP Concept!

THE VIP Concept (Very Important Person) is a growth tool at the service of the local church. This concept is there to sustain, encourage, energize, and train church members in friendship evangelism. It proposes a common vision, through a personalized plan for a designated season.

The final goal of this plan is to redesign "church" to be small home groups of people having a close fellowship. The VIP Concept provides contemporary tools and resources allowing this plan to come alive.

The above logo depicts a committed believer who understands the mission Jesus-Christ called him to (John 15.16). To accomplish this mission, he has to meet his neighbours, which is exemplified by

his right hand reaching outward.

Once the contact is established, the believer begins to develop a friendly relationship based on trust. The goal of the relationship is to lead his friend to Jesus. Once he accepts Jesus, the believer (spiritual father and mother) will continue to provide and care for his new friend, helping him to become mature (discipleship). This is illustrated by the left arm reaching around, encircling, protecting and nurturing.

The VIP Concept is based on Ephesians 4.11-12. Here are a few lines, we would like to share with you: *"...It was he who gave some to be apostles, some to be prophets, some to be evangelists, and some to be pastors and teachers, His intention was the perfecting and the full equipping of the saints that they should do the work of ministering toward building up Christ's body..."*

Therefore, the goal of the VIP Concept is to help Christians accomplish their mission within the body of Christ, each using the spiritual gift they have received to help in each others ministry (service).

We believe that friendship evangelism is, presently, the most effective method and will bear fruit that remains. Our personal estimate is that 80% of the people who have accepted Jesus-Christ were contacted using this method of evangelism.

By weaving relational contacts with our surroundings it will be easier to reach our friends or family. We have to be careful with our behaviour, with our words as well as our actions and our hospitality. "Be" the Good News before "preaching" the Good News.

God desires to kindle or re-kindle the flame within us to bring us into new dimension so that

we will have new thoughts and new eyes on the outside world !

Today the VIP Concept is serving several churches in Quebec and Ontario. It is an efficient and exciting tool that we desire to offer to all churches and Christian ministries.



Concept VIP

Bob et Patricia Davet

www.conceptvip.com
contact@conceptvip.com

NOTE:

QCCC was blessed to have participated in the set-up of the legal structure of this ministry who is now progressing very well in Quebec.

You would like to obtain a competent and objective opinion that will allow you to evaluate the quality of the administrative and management resources of your organization ? Find out about QCCC's « *Up-date program* » !

Can we negotiate the terms of a mortgage loan ?

Many of us know that we can negotiate our damage, civil responsibility and car insurances. When our renewal is due, we can negotiate the rates and conditions of our insurance by calling our brother in law's broker, by checking with other firms, or call the person who placed an ad in the local newspaper, to see if the rates of our renewal insurance are still within the market prices. You must have noticed that the exercise was fruitful and that you made lots of savings you would have missed otherwise.

But what about your mortgage loan, are the conditions negotiable?

When you receive your mortgage terms, how can you be sure that your institution is giving you the best conditions ? Like many of us, do you believe, that because you have been a customer of that lender for many years, you will automatically get the best conditions on the market ?

Notice that negotiating a loan can be worthwhile in savings ; in fact, a difference of 0.5% on a 100,000.00\$ loan is equivalent to 8,700.00 \$ in savings over a period of 25 years. Do we prefer leaving this money to a financial institution ? Certainly not ! I'm sure you would find good use for it. The lenders know that most house owners do not negotiate their rates and conditions, so many of them don't offer rate reductions and

automatically renew the loan without further discussions. This is how it works for more than 50% of the cases.

« I will instruct
you and teach you
in the way you
should go ;
I will guide you with
My eye. »
... says the Lord.

Psalm 32: 8

Know that a mortgage renewal is negotiable !

Here are a few hints :

- ◆ Call your financial institution and ask to speak to the person in charge of mortgages, and ask if it's **really the best rates** available (do insist).
- ◆ You will be astonished of the result, with that simple call, but don't stop there !
- ◆ Look in the papers and on the web. to compare the best rates offered on the market.
- ◆ Call an independent consultant, a mortgage broker, and verify with him on the best rates and conditions on the market.

That consulting service is free, so why not benefit from it ? In Canada in 2004, over 25% of mortgage loans were done through mortgage brokers. 80% of our neighbours from the south, in the USA, use this mortgage service.

In Quebec, this service is used more and more. Here is a list of a few firms that you can consult for information (in alphabetic order) ;

- ◆ Club Prêt
- ◆ CSF Prêt
- ◆ GCH
- ◆ Hypothéca
- ◆ Intelligence Hypothécaire
- ◆ Invis
- ◆ Multi-Prêt

... to name just a few.



A rate or a solution?

The rate is undeniably important but it is not the only thing to consider. Some of us need a mortgage solution. Maybe you have **debts** at high rates that would have great advantages to be at a lower rate, so you could pay them more rapidly, **renovations** that are delayed for lack of money, or **investments** that are waiting. Your house is an important asset and it can be used

as a lever to realize other projects.

Another example

You have been working for a not-for-profit organization for many years, and even though your credit rating is excellent, your declared revenue to the government doesn't convince lending institutions to give you a loan that would allow you the possibility to buy a convenient house for your family ? Then you need a **mortgage solution**.

Can I approach financial institutions myself ?

You can surely approach different financial institutions yourself. However, every institution will ask for a **credit report** from companies such as Equifax or Trans-Union, and this could affect your credit rating negatively, if the demands multiply. The advantages of using a broker service is that there is only **one credit report** asked, and some brokers have access to as many as **30 lending firms**. Something to consider !

*Gaston Leduc, CHA
Mon-Hypothèque.ca
Partner with Intelligence-
Hypothécaire*

For more information,
visit the website:
www.mon-hypothèque.ca

Board of directors, increase your effectiveness !

Wanting to contribute to society or to support causes they care deeply about, many people choose to become a board member of a not-for-profit organization. I personally made that choice more than 20 years ago. Do I still believe in the “reason for being” of this organization ? Certainly ! But if I have stayed involved all this time, it is due to the quality of its board of directors. Good governance results in high motivation, success

« Well governed organisations have obtained, and will obtain, better results than those whose governance are left to be desired. »
Deloitte.

and pleasant meetings. However, it is not the case for all board of directors. Many will lack leadership and organization thus creating inefficiency and exhaustion. How can this be avoided ? Here are five principles that will help you increase the effectiveness of your board of directors.

1. A captivating orientation :

« The effectiveness of an action is not only measured by its effectiveness but also by its significance. »

Clearly defining the organization’s goal is the first step towards effectiveness. How to make sure the right steps or decisions are taken during the year ? By first establishing the **vision** and the **reason of being** of the organization ; also, by having a clear idea of both the steps to be taken to achieve it and the risks associated with it. The planning efforts will greatly help the organization in making decisions and will help the board of directors play a more effective role. Planning will assure stability and growth of the organization. Not only that, the goal, the vision, has to captivate people. It must inspire passion ! The board of directors must depend on staff who are convinced of the cause of the organization, otherwise, their contribution will diminish and seriously affect its development.

« By faith Isaac blessed Jacob and Esau concerning things to come. »

Hébreux 11 : 20

What do you think ?



- Has your board of directors determined all the vision elements of the organization, specific strategies to achieve them and ways to monitor progress ?
- Are you able to summarize the organization’s activities as a list of products or services ?
- Are the expectations of the board clearly understood by management ?
- What could you do to improve the situation ?

2. Effective operation :

« Know what must be done and know how to do it well. »

“He who does not have the means of achieving his ambitions has all the worries” from Talleyrand. An effective board of directors is an important factor in the organization fulfilling its mandate. As an example, we could decide to go on a cruise around the world, but we’d better make sure that

the crew has all the food and tools necessary to undertake such a trip, that each member of the crew knows their job and that their relationships with each other are full of respect and openness. It is commonly accepted that

« Let all things be done decently and in order. »

1Co 14 : 40

for the board of directors to govern well it must have a well-oiled machine under it. What is an effective operation ? It has established roles and responsibilities that are clearly defined, well prepared meetings, a process in place to integrate new administrators, etc. A board that is preoccupied with its effective performance has stronger chances of having satisfied directors on the board. More so, by increasing the effectiveness of the board, you are opening the door to continued improvement in how it works.

Continues on page 9

Board of directors, increase your effectiveness ! (cont'd)

What do you think ?

- Is the management of your meetings and different committees effective ?
- Is the mandate of the board, the responsibilities of its members (chair and directors) and the model of operation well defined and understood by all ?
- Does general management bring the board of directors sufficiently clear information to consider or make decisions effectively ?

3. Shared leadership : « Influence - the real measure of leadership »

Shared leadership best enables board members to determine what to do to achieve the vision. The life and progress of an organization depends largely on the influence that the directors are encouraged to exercise in their work and elsewhere. And to become innovative, the directors need to rely and draw on the know-how and ideas of others. Our future as member of an organization or of a board of directors depends on our

ability to see our tasks with a renewed vision, to arouse passion among our team and to create cohesion in action. Shared leadership will increase the vitality of the board and will add value to the organization, while improving their ability to attract and retain competent directors.

« For in fact the body is not one member but many. »

1Co 12 : 14

What do you think ?

- Have you drawn-up a list of decisions that must involve the board and which establishes the degree of involvement (decide, consult or inform) ?
- Have you proactively made it a regular practice to schedule time to develop ideas ?
- Are any directors interested in coaching other members of the organization or of the board ?

« . . . love one another as I have loved you . . . »

John 13 : 34

4. Culture and commitment :

« Commitment is what creates a personal concern for the success of the organization. »

The effectiveness of a board is measured not only by its effectiveness in meetings but also by the enthusiasm with which the members fulfill their responsibilities. Therefore, it will be important for the board to actively seek the commitment of all its members. How ? By creating a work environment that is motivating and stimulating; by giving value to their individual competencies; by recognizing regularly their contribution and by establishing a professional code of ethics according to values adopted by the board.

Let us not forget that often board meetings are held after an exhaustive day's work and during time usually spent with the family. The chair should be very sensitive at creating a work environment that is pleasant and favourable at developing commitment from the members.

What do you think ?

- During meetings, what interest do you show in other members and their personal situation ?
- Are you able to manage

conflicts effectively ?

- Have you adopted a code of ethics that will govern the behaviour of directors, management, personnel and volunteers ?

Conclusion

To be on a board of directors demands a significant personal investment. Considering the volunteer aspect of the involvement, it is even more important to make sure these meetings represent a rich experience on a human, personal and professional level. It is a mark of respect. If you believe that your board of directors is losing speed, you will gain by addressing the situation without further delay.

Be blessed !



Guy Caron is president of SOMA Consultants Inc., a consulting firm in human resources. Guy is also secretary on the board of directors of Christian Direction

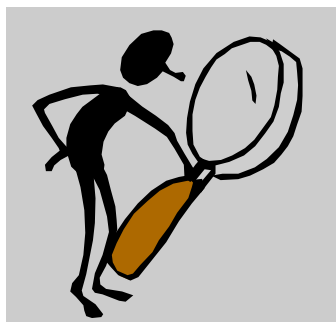
Visit his website:

www.somaconsultants.ca

Redefining the term « registration »

by Emilie Thibault

While working in close relationship with Christian workers these last few years, we have realized how certain subjects were a source of questions for many of them. Among the questions, many administrators sitting on a board of directors of a church or a Christian ministry told us that they were overwhelmed with the terminology surrounding the legal aspect of an organization in Quebec. Are you one of those for whom the only term you have in mind to describe the status of your organization is the word « registration » ?



Our desire, therefore, is to redefine the real meaning of the word « registration », leaving room for the terms « incorporation » and « immatriculation ».

INCORPORATION (Charter)

Incorporation is the legal setting up of a *legal person* following obtaining a « birth certificate » commonly called « letters patent », « constitutive statutes » or

« charter ». Obtaining this document gives your church or ministry a legal entity distinct from its founders.

Your legal person is incorporated under which law ?

As a « *legal person* », your church or ministry holds exactly the same rights and privileges as would a « physical person », that is to buy or sell goods, go to court, etc.. However, contrary to a physical person, since the *legal person* does not have a will power of its own, it is the administrators and its members who can limit its activities by deciding its objects and goals. Plus, the *legal person* has a life span which is unlimited.

A *legal person* can be a *for-profit* corporation whose first goal is to generate profits or a *not-for-profit* corporation whose first mission is either the advancement of religion, or the relief of poverty, or etc.. Because it is a *not-for-profit legal person*, this is the reason your church or ministry is exempt from paying income tax.

A *not-for-profit legal person* can be constituted under one of three following laws : the *Religious Corporation Act*

or *Law on the companies of Quebec*, part III with the **Registraire des entreprises** or under the *Canada Corporation Act*, part II with **Industry Canada**.

Once it is incorporated, the directors of the *legal person* will obtain a « **corporate book** », commonly called the minute book, in order to gather all the following documents: charter, notification of registration, By-laws, orders of the day, minutes of meetings, annual declarations, annual summaries (if a federal charter), lists of members, etc.. The government, at any time, may ask to consult it. Since this book contains the history of the *legal person*, it represents a very important proof as a legal document.

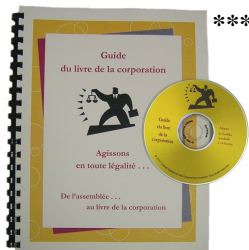
ANNUAL OBLIGATIONS

- ◆ It is important to file, in the corporate book, the minutes (resolutions) of all annual meetings of members and periodic meetings of the board of directors.
- ◆ At the end of each fiscal year of your corporation, within the time limits prescribed by law, an annual general meeting of active members, who have the right to vote, must take place at a date, time and place which is determined by the board of directors in order to do its annual business, including the examination and approval

of the financial statements and election of the directors of the corporation.

- ◆ If the charter of your corporation is under the *Canada Corporation Act*, part II, **Industry Canada** will forward, around the month of April, an Annual Summary (Form 3) that you will need to return to them before June 1st (30 \$/year). Not filing this summary can create serious legal and costly consequences that can bring about the striking off of your corporate charter and the transfer all your assets to the Queen.
- ◆ If the charter of your corporation is according to the *Religious Corporation Act* or *Law on the companies of Quebec*, part III, please consult the « *immatriculation* » section of the charter concerning your annual obligations.
- ◆ At the end of each fiscal year of your corporation, you must produce financial statements for **Canada Revenue Agency (CRA)** and for **Ministère du revenu du Québec** (Consult section « registration » concerning your annual obligations).

Continues page 11



Book of the Corporation Guide . . . [***presently available in French only]

Doing the minutes has become a burden on your shoulders ?

This precious tool contains lots of information including legal subjects, models of minutes, resolutions and more . . .

. . . all on a "ready to use" CD !

A well appreciated gift for those who compile the minutes !

You won't be able to do without it !

60 \$

Affiliate member : 50 \$

Redefining the term « registration » (cont'd)

IMMATRICULATION (Quebec Business #)

The « *immatriculation* », which means obtaining a Quebec business number (NEQ) from the **Registraire des entreprises** (*Register for companies*), must follow immediately after incorporating according to one of the 3 laws mentioned above. The directors must complete a declaration form which will give the public (or Quebec companies that need to deal with these companies) the basic information they need. The purpose of this declaration is to inform the public of who the directors are, the activities of the corporation, other names it might be using (if the case), its location, etc. Therefore, it is necessary that all information declared to the *registrar* be updated. The obligation to produce such a declaration is in conformity with the law that governs public disclosure for companies, individuals, corporations and legal persons (*Act Respecting the Legal Publicity of Sole Proprietorships, Partnerships and Legal Persons.*)

ANNUAL OBLIGATION

Around the month of May, the **Registraire des entreprises** will forward an annual declaration (NEQ) that you will need to return to them before November 15th (32\$/year). Not filing this declaration can create serious legal consequences, the striking off of the business number (NEQ) that can

bring about the striking off of your corporate charter. More particularly, for corporations incorporated under the *Religious Corporation Act* or *Law on the companies of Quebec*, part III, the non production of this declaration can have even more serious consequences than the striking off of the charter and the transfer of its assets to the government.

In all cases, if changes should occur during the year (head office, correspondence address, administrators, etc.) you must complete an amending declaration which is done at no cost and available on line at:

www.req.gouv.qc.ca.

If the corporation has not received the annual declaration, you can obtain another copy by communicating with the offices of the **Registraire des entreprises**. It is possible that the declaration has been lost in the mail, either because it was sent to the old address if the necessary changes were not done, it has been sent to someone else's office or that your corporation has been «combined» by error. (*Check REQ*)

REGISTRATION (Able to issue official donation receipts)

The registration gives a « *not-for-profit* » corporation the power to give official receipts for donations it receives. The request for such a registration has to be done with both **Canada**

Revenue Agency and with the **Ministère du revenu du Québec** since donors to the corporation will claim their income tax credit with both governments.

Once both registrations are received, the corporation is no longer a not-for-profit organization, but becomes a charity. As a charity, on top of being able to issue official donation receipts, the directors can request its right to 50% reimbursement of the paid GTS/QST (for more details, please consult the CRA for criteria establishing « small suppliers »).



ANNUAL OBLIGATIONS

- ◆ Monthly bookkeeping (manual or computerized) must be done for the corporation. Must be included with the monthly bookkeeping all invoices, copies of issued cheques, copies of deposits, bank statements, etc..
- ◆ At the end of the fiscal year, the corporation has 6 months to produce the following documents. Failure to do so, the

corporation risks losing its registration number, and paying a penalty.

1) The financial statements must include revenues, expenses, assets and liabilities. We strongly suggest that you plan to prepare your financial statements as soon as the fiscal year ends ;

2) The T3010A for **Canada Revenue Agency** (the form and bar codes will be mailed, a few weeks before the end of the fiscal year end of the legal person, to the address given the government has on file) ;

3) The TP985.22 for the **Ministère du revenu du Québec** (you need to order it at this number : 1-888-830-7747).

- ◆ By February 28th of the fiscal year, issuing official donation receipts. It is important to find out the regulations governing the production of donation receipts, since **Canada Revenue Agency** has specific requirements.

We hope that these few definitions have helped you understand the terminology. Naturally, certain other terms would need just as much to be better understood; terms such as disbursement quota, quorum, at arm's length, etc.. As directors, it is your responsibility to get the necessary understanding and knowledge in order to better play your part on the board of directors.

Emilie Thibault
Project manager
of QCCC

????

Did you know that there is a deadline for filing the rebate application of the GST/QST ? If the organization *is registered* (or is required to register) for GST/QST, it must file the rebate application within four years after the reporting period in which the expenses were incurred.

If the organization *is not registered* (or is not required to register) for GST/QST, it must file the rebate application within four years **after the last day of the fiscal half-year** in which the expenses were incurred.

Are you an « affiliate member » of QCCC ?

Find out more about your privileges and advantages, plus supporting our ministry.

Legal deposit—National Library of Quebec and of Canada, 2007

Did you know that . . .

Did you know that you must not issue official donation receipts for other registered charities ? When transmitting your T3010A, you must indicate the total amount of donations received from other registered charities on line 4510.

IMPORTANT CHANGE NOTICE

It is with great pride and joy that we introduce our new logo which will now identify our accounting and bookkeeping services.



Since January 1st 2007, the name of *Service Center of Christian Charities (SCCC)* replaces Buccino & Thibault, CGA. Canada Revenue Agency (CRA) has registered the SCCC (836775924RR0001) as a charity servicing Christian organizations. You can be assured that we will continue to offer excellence for the glory of our God. It will be our pleasure to serve you.

Our services . . .

Quebec Council of Christian Charities

The QCCC gathers « committed Christian professionals » offering consulting services necessary for good management of charities. Among the professional services offered, you will find the following professional individuals:

- Accounting expert
- Notary
- Lawyer
- Insurance expert : general, group, life
- Tax consultant for registered charities
- Investment consultant
- Financial and management consultant
- Real estate consultant
- Bookkeeper

Find out more about our « Up-dated Program »

« A ministry helping other ministries ! »

5425, Laurier boulevard W., Suite 106
Saint-Hyacinthe (Quebec) J2S 3V6
Telephone : 450-778-7177
Fax : 450-778-2777
Email: info@qccc.org



FIND US ON THE WEB

WWW.CQOC.ORG

TO MEET THE TEAM
AND FOR A VIRTUAL VISIT
OF OUR OFFICES !

INFO BULLETIN
ANNUAL SUBSCRIPTION - 25 \$
Subscribe directly on our website !