

# FINANCING YOUR TRIP



Training Resource of:



Central Canadian District  
Christian & Missionary Alliance in Canada  
155 Panin Road  
Burlington, Ontario  
L7P5A6

**Unit to be used by:**

Leader or Leadership team

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If your Short Term Mission Program is going to become an appendage of your Church Global Mission Strategy then it removes any disappointment for people who don't qualify within the year that they desire to participate. God did not choose every warrior from Gideon's army to fight for him, nor should we feel compelled to accept everyone who wants to go on a Short Term Mission. Money should not be the sole qualifier of an individual's desire to be a part of a Short Term Mission.

Your church treasurer and Revenue Canada want to ensure that your Short Term Mission follows the legal guidelines set out by the Canadian Government. **This module is mandatory for all leaders to review.**

### Included in this Module...

Discussion Points

Financial Guidelines for Participants

Receipting Guidelines for Churches

Memorandum to Church Treasurers Re: Receipting  
Short-Term Missions Trips & the Local Church

Discussion Points
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1. Make sure that everyone is aware that they are responsible for raising 100% of the funds for this trip.
2. Decide as a team, what part fundraisers and support pledges will play in raising funds. (Each team member should pay at least half of the necessary amount themselves. A component of missions is and should be self sacrifice.)
3. Plan any team fundraisers at this time.

## **1. Financial guidelines for participants**

Each participant must understand that he or she is responsible for all costs associated with this mission. This includes all airfare, hotels, transportation, meals, as well as any cost related to obtaining a passport and necessary visas and immunizations and any personal expenditure for souvenirs or other purchases while on the ministry trip.

It is up to the participant to take the necessary steps to ensure that they have available, or are prepared to raise, the funds needed to participate. They are encouraged to seriously investigate early in this process how far they are prepared to go to meet the financial obligations of this mission. They should not be dismayed if they cannot participate in this particular mission. Conversely they should not disqualify themselves without a great deal of prayer.

There are various options you may investigate to creatively come up with the portion of the cost you feel you are unable to meet:

- approach family and friends. Explain what you are doing and ask them if they would like to participate in seeing you get to the mission field.
- save up funds to pay for your trip.
- plan fundraisers as a team or individually.
- Pray- ask around. You will likely find stories of people who prayed and God gave them funds when they needed it most. Ask God to care for you like the ravens; “they neither sow nor reap, they have neither storehouse nor barn, and yet God feeds them.” (Luke 12:24) Share your need with those that ask and see what God does.

## Receipting Guidelines for Churches

This memo is designed to provide some answers to tax-receipting questions relative to short-term missions trips. It will provide some guidelines for church treasurers to consider when dealing with this issue. This memo is divided into three methods in which an individual or group might go on a short-term missions trip: (1) as a direct ministry of the local church, or (2) as a ministry of another registered Canadian charity, or (3) as a ministry of an organization that is not a registered Canadian charity. Tax receipting short-term missions trips can be complicated because these trips sometimes include both a ministry component and a personal vacation component.

### *Option 1: Short-term missions trips as a direct ministry of a local church*

Where the planned trip is a bona-fide ministry of the local church, all designated gifts for such a program are tax receiptable. To be a bona fide ministry of the local church, the board of elders would need to pass a motion to that effect. This decision of the board, in and of itself, does not make it a bona fide ministry of the local church. The church must, in fact, have "care, direction and control" over the activity or project. If these procedures are carefully followed, it permits anyone to donate to the bona fide missions trip and receive a tax receipt, including a donor who might also be a participant of that trip.

Each church should develop a criteria/process to evaluate whether a particular requested trip should be approved as a ministry of the local church, either in part or as a whole. Here is an example of some criteria used by one church, which, from my perspective, offers a lot of wisdom. The individual would need to be: (a) a member or adherent of the local church, (b) be active in ministry either inside or outside of the church, and (c) have either a source of some income or a willingness to work to also contribute towards the cost of this trip. There is a process in place to approve the individual going within the particular short-term missions trip parameters (e.g. meeting with a pastor, or with a missions/finance committee/individual, prior to a recommendation going to the board of elders).

The church process also includes an understanding in advance that should donations exceed the stated amount required, any additional donations would become a part of the local church's mission's fund available for other mission's purposes. The same would apply where the individual who had donated to the fund but subsequently was unable to participate in the planned trip. The process for a church of 100 may be a bit different from the process for a church of 1,000. Also, the process applied to a 3-week teen missions trip might be different from the process applied for an adult seeking to serve overseas for 12 months. Here are some additional points that deal with possible personal vacation portions of a trip:

1. Where the trip is a mission's trip operated by the local church and there is no non-mission side trip component, the airfare and all other expenses are legitimate expenses of the church for charitable purposes. All funds designated for this trip are tax-receiptable gifts to the church.

2. Short-term missions trips frequently involve side trips of a non-mission related

nature, which need to be clearly distinguished from the mission's purpose. There are two alternatives, each needing its own approach:

2.1 Where the trip includes a non-mission side trip but the dominant purpose of the trip remains missions, all designated gifts for the trip are tax-receiptable as long as the church makes sure that any expenses relating to the non-mission component are excluded from what is funded by the local church.

2.2 Where the non-missions component of a trip is so large that the mission activity is no longer the dominant purpose, the local church's involvement and funding is limited to the missions component only. The local church may not pay for anything more than the expenses of the mission activity in the side trip. No part of the airfare can be funded by the local church. The total airfare in this alternative is a personal expense since the dominant purpose is of a non-mission nature.

To determine the dominant purpose of a trip that has both a mission and a personal component, one must look at the underlying reason why the trip is being planned. The answer to the question, "Would the trip be cancelled if the personal portion is not possible?" Or, vice versa, "Would the trip not be made if the missions component is not possible?" Or, vice versa, "Would the trip not be made if the missions component is not possible?" Looking at the total days of ministry overseas as compared with the total days of the overall trip is another practical assessment tool to determine the dominant purpose. If more than half of the trip is exclusively for ministry purposes, then the trip usually would have missions as its dominant purpose.

Let's say a group (or even a person) is going on a two-week short-term missions trip to Ecuador. The group also plans to spend an additional seven days of personal vacation while there. Since the dominant purpose of the trip is ministry, the total cost of the three-week airfare ticket is part of the charitable missions expense that can be tax receipted. However, if the situation were reversed and the traveler is spending just one week doing ministry and is spending two weeks of personal vacation time, then the dominant purpose of the trip usually is personal vacation and none of the three-week airfare post is part of the charitable missions cost that can be tax receipted. Any costs that are not part of the charitable missions expenses are therefore not tax receiptable and would best be cared for directly by those who are traveling overseas.

What about the cost of meals and accommodation for the days of doing ministry in Ecuador? Let's say that there are two weeks of solid short-term missions work. All reasonable costs of meals and accommodation while doing the two weeks of ministry are charitable expenses that can be 100% tax receipted. (In this instance, donations towards these particular ministry costs can be tax-receipted, regardless of whether or not the airfare to get there was included in the overall mission trip charitable expense that was tax receiptable). However, all costs of meals and accommodations that relate to the personal vacation portion of the trip are personal expenses, since these are not a charitable expense that can be tax receipted. It is best for the church to just handle tax-receiptable funds and not become involved in personal funds for personal vacation parts of an overseas trip.

# Memorandum

To: Church Treasurers, Pastors  
District Superintendents, District Finance Directors  
From: Paul Lorimer, VP Finance & Operations  
Date: July 2007

This memo is designed to provide some answers to tax-receipting questions relative to short-term missions trips (this same memo was provided in 2003). It will provide some guidelines for church treasurers to consider when dealing with this issue. This memo is divided into three methods in which an individual or group might go on a short-term missions trip: (1) as a direct ministry of the local church, or (2) as a ministry of another registered Canadian charity, or (3) as a ministry of an organization that is not a registered Canadian charity. Tax receipting short term missions trips can be complicated because these trips sometimes include both a ministry component and a personal vacation component.

## Short-term missions trips as a direct ministry of a local church

Where the planned trip is a bona fide ministry of the local church, all designated gifts for such a program are tax-receiptable. To be a bona fide ministry of the local church, the board of elders would need to pass a motion to that effect. This decision of the board, in and of itself, does not make it a bona fide ministry of the local church. The church must, in fact, have "care, direction and control" over the activity or project. If these procedures are carefully followed, it permits anyone to donate to the bona fide missions trip and receive a tax receipt, including a donor who might also be a participant of that trip.

Each church should develop a criteria/process to evaluate whether a particular requested trip should be approved as a ministry of the local church, either in part or as a whole. Here is an example of some criteria used by one church which, from my perspective, offers a lot of wisdom. The individual would need to be: (a) a member or adherent of the local church, (b) be active in ministry either inside or outside of the church, and (c) have either a source of some income or a willingness to work to also contribute towards the cost of this trip. There is a Process in place to approve the individual going within the particular short-term missions trip parameters (e.g. meeting with a pastor, or with a missions/finance Committee/individual, prior to a recommendation going to the board of elders).

The church process also includes an understanding in advance that should donations exceed the stated amount required, any additional donations would become a part of the local church's missions fund available for other missions purposes. The same would apply where the individual who had donated to the fund but subsequently was unable to participate in the planned trip - The process for a church of 100 may be a bit different from the process for a church of 1,000. Also, the process applied to a 3-week teen missions trip might be different from the process applied for an adult seeking to serve overseas for 12 months. Here are some additional points that deal with possible personal vacation portions of a trip:

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2. Short-term missions trips frequently involve side trips of a non-mission related nature, which need to be clearly distinguished from the missions purpose. There are two alternatives, each needing its own approach:
  - 2.1 Where the trip includes a non-mission side trip but the dominant purpose of the trip remains missions, all designated gifts for the trip are tax-receiptable as long as the church makes sure that any expenses relating to the non-mission component are excluded from what is funded by the local church.
  - 2.2 Where the non-missions component of a trip is so large that the mission activity is no longer the dominant purpose, the local church's involvement and funding is limited to the missions component only. The local church may not pay for anything more than the expenses of the mission activity in the side trip. No part of the airfare can be funded by the local church. The total air-fare in this alternative is a personal expense since the dominant purpose is of a non-mission nature-

To determine the dominant purpose of a trip that has both a mission and a personal component, one must look at the underlying reason why the trip is being planned. The answer to the question, "Would the trip be cancelled if the personal portion is not possible?" Or, vice versa, "Would the trip not be made if the missions component is not

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### **Short-term missions trips managed by another registered Canadian charity**

For Option 2, let's assume that a group of young people from your church plan to go with Teen Missions on a missions trip. A primary means of funding that trip might be for donors to provide donations directly to Teen Missions in Windsor, Ontario. Teen Missions, in turn, would issue the income tax receipts to donors and would equally assume the "care, direction and control" of those ministry funds.

Another option would be for funds to be donated to the local church to support the ministry cost of a person (or group of people) going on the Teen Missions project. In this case, the church can tax receipt the funds and re-send the funds to Teen Missions in Windsor, Ontario. One registered Canadian charity (such as your church) can receive funds that are within its charitable mandate (like missions trips), then transfer funds to another registered Canadian charity (such as Teen Missions), provided that the funds coming and going seem to be for a reasonable amount. If any oversubscribed donations are to remain in the church's mission fund, it is best for donations to be for "Joe Smith's missions trip" Alternatively, if oversubscribed funds are to be donated to Teen Missions, then donations could be earmarked "Teen Missions - Joe Smith".

### **Short-term missions trips that are not managed by a registered Canadian charity**

In some cases, a person might connect with a U.S. missions group or an international missions group, where there is no link with a registered Canadian charity. In this situation, Canadian donors giving funds directly to the U.S. charity could not receive a Canadian income tax receipt. If a Canadian receipt cannot be gained by this direct gift, the church should not get in the middle as a "conduit" and issue Canadian tax receipts then forward funds to a different organization that is not a registered Canadian charity. It is illegal for a Canadian charity to act as a conduit and provide a tax receipt if the direct donation of that same gift to the foreign charity would not be tax receiptable in Canada. There are no conduit issues for Options 1 and 2 above, but there are conduit issues with Option 3 where the missions organization is not a registered Canadian charity.

It is important to state that we are not attempting to limit where God is calling people to serve, whether that be service via a registered Canadian charity, a foreign charity, a direct faith-based ministry, etc. Our only concern here as treasurers, is to determine what part of this calling is eligible for a Canadian income tax receipt and what part of this calling is not eligible for a Canadian income tax receipt. Canadians are blessed by having a generous income tax credit system for charitable donations, where most charitable donations are credited to the individual at the highest marginal rate of income tax. In an effort to enjoy this privilege for many years to come, it is important that we do not intentionally or unintentionally provide tax receipts in areas that may be illegal (such as acting as a conduit), or that may be unethical and illegal (such as tax receipting personal overseas vacation costs).

In closing, it's also important to keep good records for the spending of short-term missions funds for all bona fide short term missions trips. Trust that these guidelines may be helpful as you make decisions in this area of ministry.

## Short-Term Missions Trips & the Local Church - Part 1

By Heather Card, Vice President, Member Services, CCCC

In the past few years, the popularity of short-term missions trips has increased tremendously. If done well, short term missions trips have the potential to be a valuable experience for all concerned and to provide spiritual and practical benefits to those receiving the ministry.

In Part 1 of Short Term Missions Trips and the Local Church we will be covering:

- Direction, Control & Accountability
- Receipting
- Insurance

### Direction, Control & Accountability

Under the *Income Tax Act* (ITA) a charity is defined as an entity that devotes all of its resources to activities that pursue its own charitable purposes that are carried out by itself. This means any activity the charity carries out must relate to its overall charitable purposes and objects and that, with few exceptions, it may not send money to a person or entity over which it does not have direction, control and accountability.

Churches can demonstrate control and accountability when planning a short-term missions trip by:

- ensuring the proposed activities fit with the overall charitable purposes & objects of the church
- ensuring board approval of the short-term missions trip (e.g. minuted motion) including the program budget
- planning the trip and making all arrangements
- providing appropriate leadership & supervision for the trip
- receiving all revenues and paying all costs through the church and retaining appropriate documentation
- demonstrating appropriate financial controls and retaining appropriate records for expenses
- requiring reporting to the church board once the trip is complete

### Receipting

Often we are asked if a charity may issue an official receipt when support is designated to an individual for a short-term missions trip. A related question is whether gifts may be receipted when close relatives or friends make the donation.

At common law, a gift is a voluntary transfer of property. The ITA also requires the amount of the official receipt for the gift to be reduced by the amount of "advantage" or benefit received by the donor.

There are several principles that flow from this definition.

1 In order to qualify as a gift, there may be no legal obligation to pay. For example, there are some short term missions organizations and churches that require participants to cover the cost of their missions trip. In this case, because this payment is not voluntary, contributions toward these costs would not be considered a gift and could not be receipted.

2. The gift must be property such as cash, securities and assets. Services do not qualify.

3. The charity must also consider if there is an advantage or benefit to the donor and reduce the amount of the receipt accordingly. Advantage is defined as any benefit in respect of the gift that the donor or a person not dealing at arm's length with the donor has a right to receive either now or in the future.

In IT110R3 Canada Revenue Agency addresses the issue of donor directed giving to a particular program:

*"donations subject to a **general direction** from the donor that the gift be used in a **particular program** operated by the charity are acceptable, provided that:*

*a) no advantage accrues to the donor with respect to the gift*

*b) the directed gift does not give an advantage to any person not dealing at arm's length with the donor*

*c) decisions regarding utilization of the donation within a program rest with the charity. "*

Let's look at an example to illustrate:

The board of a local church has approved a short term missions project to build a church in Guatemala. A team of 10 people will be going with a total project budget of \$20,000 for travel, lodging, food and supplies.

There will be two days of vacation and sightseeing included in the 14-day trip. The church has approved the project and announces that funds will be accepted for the project. Members of the team are encouraged to assist in raising funds.

Jane is part of the missions team and through her fundraising efforts the following donations were made:

Parents	\$1,000
Grandparents	\$500
Friends	\$1,000
Jane	\$500

### **Who may receive a receipt for ITA purposes?**

In this example it is important to remember that the donor is not giving to the person who is a volunteer, but rather to the church project so that it may pursue its charitable purposes and objects. The church has approved a program of ministry and provides direction and control of the work to ensure money is spent wisely and for the ministry intended. The person is volunteering on behalf of the church to implement its charitable purposes. The church controls and directs the funds.

The beneficiaries of the missions trip are those being ministered to, not the volunteers and staff who deliver the program. The volunteer might indirectly benefit by learning to understand and appreciate the plight of the disadvantaged and there may be spiritual benefit and growth from the experience, but these cannot be measured in economic terms and therefore are not considered to be an advantage under the ITA. Time off in this case is not an advantage since it is incidental to the trip.

Key elements in this example are that the donor gives general direction to a program as opposed to giving to an individual. With these key conditions met, all donors in this example may receive a receipt for tax purposes.

### **Insurance**

Another important area to consider when planning a short-term missions trip is insurance coverage both for individuals and your church.

### **General Liability Coverage**

Make sure that your general liability coverage has a worldwide policy territory. Frequently, general liability policies contain an exclusion and coverage is restricted to a designated premise or to a territory like Canada or Canada/United States. It is important to check with your insurance provider to ensure your team will be covered while on the trip.

### **Out of the Country Medical Insurance**

In order to ensure coverage for unanticipated injury or disease abroad, it is recommended that out of country medical insurance be mandatory for all participants of your short-term missions trip. Some coordinators of missions trips require participants to subscribe to the same coverage to ease administration in case of an incident and to ensure that coverage is equal for all participants.

### **CCCC Member Resources**

For more information, members can access the following free resources on the CCCC website at [www.cccc.org](http://www.cccc.org)

- Webinar: Raising Designated Support in Ministry & Missions
- Webinar: Undertaking Funding and Spending Activities Outside Canada
- Designated Giving Policy

**Watch for Part II of this article in the October, 2007 Bulletin which will cover safety & security, communications and transporting money overseas.**