

Short-Term Missions Trips & the Local Church-Part I

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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 I 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 and 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 IT11OR3 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 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

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