

## MC CANADA SHARED REVENUE AGREEMENT

**Mennonite Church Canada is a covenanted partnership between Mennonite Church Canada, Mennonite Church British Columbia, Mennonite Church Alberta, Mennonite Church Saskatchewan, Mennonite Church Manitoba, and Mennonite Church Eastern Canada.  
As per the MC Canada Covenant and Operating Agreement, the Regional Churches commit to this Shared Revenue Agreement:**

### GENERAL

1. This agreement will be reviewed annually by the Executive Ministers Group (EMG), and at least every three years by Joint Council, and altered, if necessary, to reflect the ministry needs in the Regional Churches and the shared nationwide ministry priorities. Any proposed changes must be approved by Joint Council. The review of this agreement by Joint Council will be incorporated into the review of the covenanted partnership, that is scheduled to occur every three years.
2. Regional Churches will not charge administration fees on relational or other funding designated for nationwide ministries.
3. As indicated in the Operating Agreement, the EMG will, at its regular meetings, monitor how budgeted revenues are tracking in the Regions and at MC Canada. Any concerns will be reported to FPAC and Joint Council.
4. Joint Council may designate amounts from the General Reserve Fund held by MC Canada to assist Regional Churches facing significant financial strains.<sup>1</sup>
5. All communication to congregations and individual donors will encourage sending of donations to the Regional Churches, even when donations are designated to the work of the nationwide church.
6. The Regional Churches, through MC Canada, will collaborate on developing and implementing a fundraising/donor relations strategy, including coordinated legacy donations and a donor communication strategy, that benefits the whole. Individuals will be encouraged to donate through their Regional Church.

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<sup>1</sup> A significant financial strain is defined as either:  
a. a proposed revenue budget that will result in a deficit after drawing on all relevant Regional Church reserve funds: or  
b. an anticipated revenue budget shortfall from the approved budget where there are no available Regional Church reserve funds.

When a significant financial strain situation arises, and the Regional Church desires to appeal to clause 4  
a. it must immediately communicate that desire to EMG, FPAC and Joint Council (clause 3).  
b. The MC Canada Moderator will promptly convene the Joint Council Executive to consider the request and develop a response for consideration by Joint Council on a timely basis.  
c. The decision of Joint Council will be communicated to the Regional Church expeditiously.  
Deviation from SRA provisions requires prior Joint Council approval.

## MC CANADA SHARED REVENUE AGREEMENT

### SHARED REVENUE DEFINITION

Shared Revenue is the sum of the following income streams used to calculate the Budget Commitment of a Regional Church to the Nationwide Ministries of Mennonite Church Canada:

- a. General or undesignated congregational donations received by a Regional Church.
- b. General or undesignated individual donations received by a Regional Church.
- c. Individual donations to MC Canada received by a Regional Church.
- d. General or undesignated donations sent directly to MC Canada by individuals where the Regional Church can be identified by the return address.
- e. Donations from congregations sent directly to a Regional Church or to MC Canada designated to MC Canada in general or programs included in MC Canada's BPF; and
- f. Donations from individuals sent directly to a Regional Church or to MC Canada designated to a MC Canada BPF.

### BUDGET COMMITMENT TO MC CANADA

The Regional Churches agree that they will each make an annual Budget Commitment to the nationwide ministries of Mennonite Church Canada. The amounts of the annual commitment will be calculated as percentages of the Regional Church's prior year's Shared Revenue. These initial percentages account for the differences in scale and historical donations among Regional Churches:

- a. MCBC—20%
- b. MCA—20%
- c. MC Sask—25%
- d. MCM—30%
- e. MCEC—30%

### POINTS FOR CLARITY

1. Designated donations received by a Regional Church towards Regional Church Camps and donations from governments and other non-constituency organizations that are directed to specific programs of the Regional Church will not be included in Shared Revenue or contribution toward fulfilling that Regional Church's Budget Commitment to MC Canada.
2. Amounts received at MC Canada, either from a Regional Church or directly from a congregation or an individual, designated to the following, will not be considered part of either the Regional Church's Shared Revenue or contribution toward fulfilling that Regional Church's Budget Commitment to MC Canada:
  - a. Witness Relational Funding
  - b. MC Canada Partnership Projects and Related Organizations
  - c. Company of 1000 Campaign, Creation Care Fund, and other MC Canada restricted funds where MC Canada Financial Policies allow donations from congregations or individuals.
  - d. Special appeals at the Regional & nationwide level (e.g., MWC matching grant,) as determined by Joint Council.
3. Should designated donations towards MC Canada budgeted program exceed the budgeted amount, it will go towards the rest of the budget. See the Appendix 2 below for a discussion of this policy, and a possible wording to be included in all donation materials. It is also agreed that, should this situation occur, that there will be a discussion with the donor involved as to where the excess funds will be directed. Details of this may be revisited as part of the fundraising/donor relations strategy to be developed (clause (6) above).

## MC CANADA SHARED REVENUE AGREEMENT

4. Bequests are not included in this Shared Revenue Agreement.
5. Donations received directly by MC Canada from individuals or corporations, where the Regional Church of the individual or corporation cannot be readily identified, will be reported as a separate revenue stream of MC Canada. A confidential detailed report of these donations will be made available to EMG or Joint Council upon request.
6. General or undesignated donations sent directly to MC Canada by individuals, where the Regional Church can be identified by the return address, will be reported to the Regional Church and considered Shared Revenue, and amounts forwarded will be considered part of the Regional Church's contribution toward fulfilling that Regional Church's Budget Commitment to MC Canada.
7. Designated donations sent directly to MC Canada by individuals or congregations, where the designation is to MC Canada in general, or to a program included in MC Canada's BPF will be considered Shared Revenue, and amounts forwarded will be considered part of the Regional Church's contribution toward fulfilling that Regional Church's Budget Commitment to MC Canada.
8. Designated donations from individuals to a Budgeted Program of the Regional Church will not be considered part of Shared Revenue.

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### APPENDIX 1 - DEFINITIONS

**Bequest:** Money received from an estate, as designated in the will of an individual.

**Budget Commitment:** The budgeted amount that a Regional Church commits to contributing to the nationwide ministries of MC Canada on an annual basis. The amount for the next MC Canada fiscal year will be communicated to MC Canada by or before March.

**Budgeted Program Funding (BPF):** MC Canada produces an annual budget, approved by JC, listing expected program revenue and expenses in a number of categories: "Executive Office", "International Witness", "Leadership Development", "Anabaptist Resources", "Indigenous/Settler Relations", "Support Services" and "Communications". The budgeted revenue for International Witness is divided into an amount from general contributions and an expected amount from WRF. While the bulk of the revenue to support the programs in this budget comes from contributions from the RCs, RC constituents may send general or designated donations directly to MC Canada.

**Company of 1000 Campaign:** An unbudgeted program of MC Canada that solicits donations to a fund that supports pastoral training through grants and forgivable loans.

**Executive Ministers Group (EMG):** A committee of the Executive Ministers of each of the RCs plus the Executive Minister of MC Canada serving as chair.

**Financial Policies and Audit Committee (FPAC):** This committee is defined in the MC Canada bylaws and consists of the Secretary/Treasurer of JC, plus two members appointed by JC. It is tasked with overseeing the MC Canada audit process, reviewing the benefits plan and pension plan offered by MC Canada, and making recommendations to JC on Financial Policies and fund transfers.

## MC CANADA SHARED REVENUE AGREEMENT

**Joint Council (JC):** The governing board of MC Canada consisting of the Moderator and one additional representative from each of the RC's plus three elected positions (Moderator, Assistant Moderator, Secretary/Treasurer).

**Partner Programs and Related Organizations (PPRO):** MC Canada receives money for a number of partner programs and related organizations with which we have agency agreements which satisfy CRA charity receiving requirements. The current list of PPRO for which MC Canada can accept donations are included in MC Canada's financial reports, sent monthly from MC Canada to the Regional Churches.

The amounts given to these programs and organization is not budgeted by MC Canada. Rather the amounts given are determined by designated donations. These designated donations to PPRO are NOT considered as part of the RCs budgeted contribution to MC Canada.

**Regional Church (RC):** Currently there are five Regional Churches that covenant together to form Mennonite Church Canada (MC Canada). The five Regional Churches are Mennonite Church Alberta (MCA), Mennonite Church British Columbia (MCBC), Mennonite Church Saskatchewan (MCSask), Mennonite Church Manitoba (MCM), and Mennonite Church Eastern Canada (MCEC).

**Witness Relational Funding (WRF):** Refers to all donations designated to a specific International Witness worker or program. Some of the supported programs do not have a MC Canada Witness Worker but are considered MC Canada Witness programs. The list of current Witness programs will be given on the Direct Donations Report, sent monthly from MC Canada to the RCs. It is expected that the WRFs generate a minimum 50% of a Witness project's net expenses.

**Witness Support Network (WSN):** An informal or formal support group that assists a particular international Witness program/worker with constituency communication, prayer support and relational fundraising. Each program/worker should have a WSN.

### APPENDIX 2 - Policy on Designated Donations Greater than Budgeted or Actual Expenditures

The Canadian Council of Christian Charities states the following:

*Every charity should have a donor restricted gift policy and make donors aware of the policy whenever soliciting or accepting restricted funds. The policy should state that the funds are being accepted on the condition that they will be used for the specified purpose or project, unless that purpose or project has been completed, or for some reason cannot be completed, in which case the board may decide that the funds are to be used for another charitable activity. Without the donor agreeing to the condition at the time the gift is made, the charity may not be able to use the funds for a different purpose or project. In addition, once the gift has been made, the donor has no further right to, nor authority over, the funds. Once a policy is adopted, fundraising staff need to ensure it is clearly communicated and printed on all materials provided to prospective donors. It also must not be abused or taken advantage of by the charity to redirect monies/gifts unless absolutely necessary.*

#### **Sample Donor Restricted Gift Policy:**

All funds will be used for [board/charity] approved programs and projects. Each contribution directed toward an approved program or project will be used as restricted with the understanding that when the need for the program or project has been met, or cannot be completed for any reason as determined by the [board/charity], the remaining restricted contributions will be used where most needed.