

Sponsoring Refugees: A Charitable Act

As the church in Canada, we have an incredible opportunity to respond to God's call to pursue justice and compassion on behalf of the oppressed¹ and the defenseless² through refugee sponsorship.

The Sponsorship Agreement, which the Associated Gospel Churches (AGC) has signed with the Government of Canada, clearly states that the Sponsorship Agreement Holder (the AGC) and its Constituent Groups (AGC Churches) will not profit financially through the sponsorship of refugees.

This means that congregations cannot charge fees, expect contributions, or demand or accept repayment from refugees for the act of private sponsorship. Privately sponsored refugees have no legal obligations and cannot be made to enter into a legal obligation or to prepay or repay their sponsors for lodging, care, and settlement assistance. The refugee's relatives in Canada or abroad may contribute their own funds to the resettlement, but they must not expect reimbursement (financially or in kind) for doing so from the sponsored refugee.

Basic Commitment

When submitting a private refugee sponsorship, sponsoring groups commit to having sufficient resources to support the privately sponsored refugee(s) for the period determined in the undertaking (contract), normally 12 months. All parties that sign the Sponsorship Undertaking Form (SAH, CG, and Co-sponsors (if applicable)) are jointly liable to fulfill the sponsorship obligations under the terms of this Agreement.

Depending on the type of sponsorship, you may have several months (Visa Referred) to several years (Sponsor Referred) to compile the funds. The level of support sponsors are expected to provide is equal to that of the prevailing rates for [Resettlement Assistance \(RAP\)](#) in the community the refugee is expected to settle in, and sponsors will need to create a budget plan using realistic figures for the expected settlement community. Having said that, the sponsor may find that additional funding is needed for accommodation or health and dental care. When possible, it is advisable that sponsors equip and encourage privately sponsored refugees to manage their own budget.

Collection of Funds

Option #1: Church Benevolent Funds and Issuing of Charitable Donation Receipts for Financial Support

The Canada Revenue Agency advises that a congregation can use its registered charity tax number to give receipts for donations to its refugee support fund, *provided the church board has decided that refugee sponsorship is a mission of the congregation*. All parties are aware that funds can come from different resources but not from the refugee, because that would be illegal. The refugee fund therefore operates as a benevolent fund.

¹ "He made heaven and earth, the sea, and everything in them. He keeps every promise forever. He gives justice to the oppressed and food to the hungry. The Lord frees the prisoners...The Lord protects the foreigners among us. He cares for the orphans and widows, but he frustrates the plans of the wicked." Psalms 146:6-7, 9 NLT

² "Enough! You've corrupted justice long enough; you've let the wicked get away with murder. You're here to defend the defenseless, to make sure that underdogs get a fair break; Your job is to stand up for the powerless..." Psalm 82:2-4 MSG

Congregation and community members may support the refugee fund if the following steps are followed:

1. The board by formal motion must endorse or affirm that “refugee sponsorship is a mission of the congregation.”

Use the term “refugee sponsorship.” This is a broader commitment than support to specifically named refugees.

The motion *may* indicate that sponsorship depends on a specified amount of money being raised.

2. The board must designate a budget line for refugee sponsorship and must oversee the distribution of refugee sponsorship funds. All money must be accounted for and transactions recorded.

The total sponsorship costs may be reduced through the donation of “in-kind” goods, which can include accommodation, furniture, and clothing. Such donations, when their value is independently and objectively verified, may be eligible to be recognized with charitable tax receipts.

Option #2: Establishing a Trust Fund, or [Funds Held in Trust](#) (non tax-receipting):

The sponsoring CG³ may alternatively determine that a ‘trust fund’ or ‘funds held in trust’ is a better option for their funding collection purposes when working with a co-sponsor. A donor to the trust fund/funds held in trust can be an individual, a group, or an organization, but not the privately sponsored refugee or funds acquired from the refugee, because that would be illegal. The individual rights and obligations of the CG, trustee, and donor are set out in three different sources: provincial law, common law principles related to the law of trusts, and the Trust Deed, *which is drafted by the CG* to establish the terms of the trust.

The CG is responsible for ensuring that the terms of the trust fund, including the respective rights and obligations, conform to the laws of the province in which the deed is registered. The CG and Co-sponsor will each provide a co-signing representative (the trustees) who will have joint signing authority to release the funds to the sponsored refugees (the benefactors) on a monthly or bi-monthly basis.

The Trust Deed must clearly outline the terms of the trust fund, which include the identity of the beneficiary, when and how funds will be disbursed, and the outcome of the funds should the beneficiary not arrive in Canada. The deed should also stipulate whether the trust fund is for a specific privately sponsored refugee (PSR) or is a general charitable trust fund for the sponsorship of any PSR.

In the event that the refugee is not accepted for resettlement in Canada, funds held in trust to sponsor that refugee, including all accumulated interest, must be returned to the donor(s) or used for another AGC sponsorship undertaking if all parties are in agreement with that course of action.

Privately Sponsored Refugees’ Financial Obligations

The standards for using personal funds and income revenue that apply to Government Assisted Refugees (GARS), described in [Immigration and Refugee Protection Act Regulations](#), may be applied to privately sponsored refugees who arrive with personal funds, or begin to generate income, or receive entitlements after they arrive, unless the sponsor chooses to maintain a higher level of income support.

As a general operating principle, PSRs who have their own financial resources should contribute to

³CG = Constituent Group i.e. sponsoring group

their basic financial support. Those who have such financial resources retain the right to manage their own finances and MUST NOT submit their funds to their sponsors to manage. (Providing assistance to learn the Canadian banking system is certainly appropriate and necessary).

If the refugee obtains employment or has other sources of income⁴ before the 12-month period expires, disbursements from the CG can be adjusted. It is the CGs responsibility to discuss this intention with the SAH, sponsored refugee, and co-sponsors prior to making any changes to the dispersed amounts. If an adjustment results in an excess of funds in the CG's designated Refugee Fund at the end of the sponsorship period, these monies can either be redirected by the CG to other refugee resettlement efforts, or in the case of trust funds/funds held in trust where no tax receipts have been issued, the monies (including interest) can be returned to the fund contributors.

Sponsoring Group's Financial Obligations

As signors to the sponsorship undertaking, SAHs, CG's and their Co-sponsors are required to read and abide by the Sponsorship Agreement, the Appendix A financial guidelines (attached below) and to refer to the Frequently Asked Questions (FAQ) document if they are uncertain about what their sponsorship obligations are (attached below).

Sponsors should be aware that they are not liable for debts the refugee incurs in Canada or before coming to Canada (e.g. travel loans, medical expenses, fines to be paid to the country of asylum prior to obtaining exit visas). An exception exists however when the sponsor chooses to co-sign for loans and/or leases until the newcomer establishes their own credit rating, in which case the co-signor will be liable.

Before the family arrives in Canada, it is not advisable to send funds abroad from church accounts to support refugees you hope to sponsor. Such support may create unrealistic expectations, and churches may be at risk of losing their charitable status with the Canada Revenue Agency (CRA) if they are found to be in violation of the Income Tax Act. Canadian registered Charities cannot send funds abroad without ensuring that an "Agency Agreement" is in place and maintaining "Direction and Control" over activities carried out outside of Canada (see CG-002 - [Canadian registered charities carrying out activities outside Canada](#))

⁴ **Note:** Government benefits (eg: Canada Child Benefit, GST) are not to be considered income.

Appendix A

Financial Guidelines: Sponsorship Agreement Holders

These guidelines are intended to help sponsoring groups to plan for sponsorship costs when preparing their Sponsorship Applications for submission to Immigration, Refugees and Citizenship Canada (IRCC). **For detailed information on financial support that should be provided after the refugees have arrived, see the [Post-arrival Financial Support for PSRs](#).**

General Requirements

Sponsoring groups will not:

- profit financially by sponsoring refugees.
 - accept funds from the refugees for any of the situations below, either before or after the refugees arrive in Canada:
 - as payment for submitting a sponsorship
 - as a prepayment or repayment for lodging, care and settlement assistance
 - as a deposit to guarantee the refugees will stay with the sponsor for one year after they arrive.
- Note:** The refugee's relatives or friends may contribute their own funds to the sponsoring group to help with resettlement costs.
- act as paid representatives and charge associated fees
 - require that refugees, their relatives or friends use services of a paid representative for the purpose of a Sponsorship Application.

Note: You are not responsible to cover the costs of the refugee's Immigration Loan, or for any debt that a refugee incurs in Canada, unless you have co-signed loans.

How long to provide financial support?

- You should provide income support to at least the equivalent amount that is provided by the Resettlement Assistance Program (RAP) in the expected community of settlement, adjusted by any eligible in-kind contributions. You should support the refugee towards becoming self-sufficient. This can include enrolling the refugees in language training or employment counseling before encouraging them to find employment.
- You need to provide the refugee with both financial and non-financial support (including start-up costs) for:
 - up to 12 months or until the refugee becomes self-sufficient, whichever comes first
 - up to 6 months or until the refugee becomes self-sufficient, whichever comes first, for cases sponsored under the Blended Visa Office Referred (BVOR) Program (IRCC will cover an additional 6 months).
- If the refugee becomes financially self-sufficient during the 12-month sponsorship period, your sponsoring group does not have to provide income support under the

terms of the Sponsorship Undertaking for the rest of the sponsorship period. A definition of financial self-sufficiency can be found here (see question 24 of the [Post-arrival Financial Support for PSRs](#)).

- In case the refugee stops being self-sufficient, your sponsoring group must make sure you can afford to start supporting them again for the remaining length of the sponsorship.

Trust Funds and Funds held in Trust

There are two different types of financial accounts that sponsors may establish to demonstrate that they have sufficient funds available for the Sponsorship Application:

- 1) a formal trust fund; or
- 2) funds deposited into a chequing or savings account at a Canadian financial institution (funds held in trust).

For both types of accounts, funds can be contributed by individuals, groups, and organizations, but refugees cannot contribute any funds. In the event that the refugee is not accepted for resettlement to Canada, funds held in trust for the sponsorship of that refugee, including all accumulated interest, must be returned to the contributors.

1) Formal trust fund

Sponsoring groups may establish a formal trust fund with a Canadian financial institution. The individual rights and obligations of the contributors, sponsors and beneficiaries must be set out in the terms of the trust.

2) Funds deposited into a bank account (funds held in trust).

This account does not need to be a formal trust account; a chequing or savings account held with a Canadian financial institution is sufficient, provided there is a minimum of two account holders.

Administrative Fees

As per the Sponsorship Agreement, SAHs may recover a one-time maximum payment of \$250 per application from the Constituent Group (CG) or co-sponsor for direct administrative costs incurred in support of the application. Direct administrative costs include rent, staff, accounting fees, telephone, facsimile, postage, courier and photocopying. As per the Sponsorship Agreement, SAHs must maintain for one year a record of all fees collected. These costs cannot be imposed on or required from the refugees.

Cost of Sponsorship

You should provide income support to at least the equivalent amount that is provided by the Resettlement Assistance Program (RAP) in the expected community of settlement, adjusted by any eligible in-kind contributions. Use the [RAP rates in the expected community of settlement](#) to calculate the income support you will have to prepare to give.

Sponsorship costs include start-up costs and monthly costs.

Start-up costs include, but are not limited to:

- one-time payment for household items (basic window coverings and common household products such as kitchen utensils, pots, pans, brooms, mops, detergents and cleansers, etc.);
- furniture (beds, mattresses, dining set, couches, end table and lamps, etc.);
- linens (including bedding);
- food staples;
- both regular and winter clothing;
- school registration fees (if applicable).

Monthly costs include:

- food and incidentals
- housing costs (including utilities)
- monthly public transportation passes for all adults
- a communication allowance to cover the costs of a telephone and/or internet connection.

In addition to the costs above, you should plan to cover deposits for utilities, phone installation and rental deposit.

Some factors, such as in-kind donations or special needs, may impact the amount you need.

You should consider these specific needs in your cost estimate:

- maternity benefits,
- childcare,
- disability,
- age-specific top-ups,
- housing supplements,
- health-related expenses, such as travel to appointments, and
- critical health related expenses not covered through Interim Federal Health (IFH) or provincial health insurance plans.

For RAP rates in your community, refer to the [Resettlement Sponsorship Training Program \(RSTP\)](#).

Family Composition

If there are linked Sponsorship Applications (including for adult children), you should estimate the costs for each family separately, even if the families intend to live together in Canada. Any adult children over the age of majority in the province they are expected to live are entitled to receive adult benefit rates, adjusted by in-kind contributions.

Income Support Deductions

- The standards for using personal funds and earned income follow the same standards as the Resettlement Assistance Program (RAP); however, you may choose to maintain a higher level of income support.
- As the refugee starts to earn money, you may be able to lower the monthly financial support.
 - Once their net earned income is 50% higher than the RAP rates, you may reduce your support. The total income they earn and get from you must still be at least the minimum they need.
- The Canada Child Benefit (CCB) is a tax-free monthly payment made to eligible families to help with the cost of raising children under 18. The CCB:
 - is available to all Permanent Residents and Canadian Citizens
 - can't be counted as earned income
 - can't be used to calculate reductions to sponsor support
 - can't be counted towards the financial support requirements under the Private Sponsorship of Refugees Program
 - has no impact on the minimum amount of financial support a sponsor is required to provide.

Additional guidance on post-arrival financial support can be found in the next section.

In-Kind donations

In-kind donations include all donated goods, commodities or services (e.g. gently used furniture or clothing, or housing provided at no cost to the sponsored family). In-kind donations cannot be valued for more than their actual value or the financial benefit they are replacing.

Some items cannot be donated, including:

- Mattresses, which should always be purchased new;
- Opened food products; and
- Personal clothing items such as undergarments or footwear.

You can subtract the following types and values of in-kind donations from your estimated sponsorship costs:

Types of costs that may be deducted through donations (In-kind Deductions)⁵

Donated Item	% of RAP amount that can be deducted from total sponsorship cost
ONGOING MONTHLY COSTS	
Shelter Includes housing costs, utilities, etc.	100%
ONE-TIME START-UP COSTS	
Clothing Includes basic clothing needs and seasonal needs such as: winter coat, boots, mittens, scarf, snow pants, rain wear, etc. <i>Note:</i> There are some clothing items that must be purchased new (such as undergarments and footwear). You should also account for personal or cultural clothing preferences.	70%
Furniture Includes: bed frame or crib, dining set, couches, end table, lamps, etc.	70%
Household Needs Includes: basic window coverings and common household products such as kitchen utensils, pots, pans, brooms, mops, detergents and cleansers, etc.	50%
Linens Includes: bedding, towels, etc.	100%
School supplies Not including registration costs	50%
Food staples New, unopened pantry items (rice, flour, sugar, spices, etc.) can be donated	50%

You will also want to be familiar with IRCC's FAQs re Post-arrival Financial Support for sponsors. It is a 20-page document that answers the most common questions sponsors face in working with a newly arrived refugee family, and is available for download on our website at

<https://www.agcrsi.org/resources/next-steps>.

⁵ Basic needs and transportation costs cannot be reduced through in-kind deductions.



Associated Gospel Churches Constituent Group Financial Guidelines
