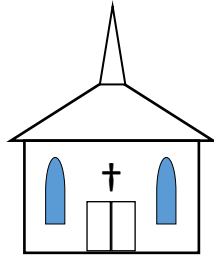


# COMPASS Matching Grants: How do they work?

1. Pastor enrolls in the COMPASS Journey or the COMPASS Quest program.



2. Local church establishes a Ministerial Excellence Fund (MEF) for the pastor's grant, and collects or allocates money into the fund while the pastor participates in the COMPASS program.

3. Upon completion of the COMPASS program, the COMPASS Initiative sends a check to the National Office, matching the amount raised in the local church MEF, up to \$5,000 USD (Journey) and \$1,000 USD (Quest).



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**NOTE:** All MEF funds are exempt from denominational allocations.

4. a. Local church disburses all MEF funds to the pastor.

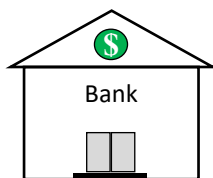
**NOTE:** Debt relief funds are always taxable income for the pastor and retirement funds are pre-tax or tax-deferred income.



- b. Pastor sends their address and social insurance number to the national office.

- c. National office mails a check for the matching funds directly to the pastor.

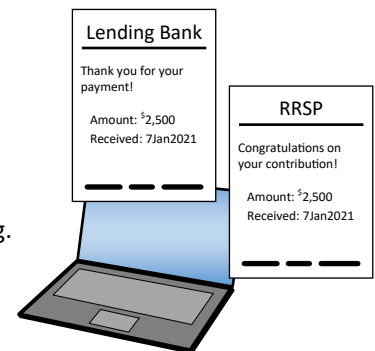
5. Pastor uses grant money to pay down personal debts and student loans, or makes a contribution to their RRSP or TFSA.



RRSP  
TFSA

6. Pastor emails copies of payment and contribution receipts to:

COMPASS@nazarene.org.



7. Taxes



- a. Local church reports local church grant income on pastor's T4.

- b. National office sends a T4 to pastor for the matching grant funds.

- c. Pastor pays taxes on the debt relief portion of the grant money.

Debt relief funds: Taxable income

Retirement contribution: Tax-deferred or pre-tax income

## Matching Grant Disbursement Instructions - Canada

### General Instructions:

1. The local church does NOT send any money to the COMPASS Initiative. The church allocates or collects money for the grant in a designated fund (Ministerial Excellence Fund) within the local church.
2. Any money collected for the grant must be handled as income for the church; however, these particular funds will not increase the church's denominational allocations. The Board of General Superintendents has granted an exemption for all COMPASS grant funds from the local church's allocation calculations.
3. The church is permitted to disburse their portion of the grant anytime prior to the minister's completion of the COMPASS program, however, the church must disburse any remaining MEF grant funds to the pastor when the pastor completes the COMPASS program.
4. COMPASS Initiative will send the matching grant to the Canadian National Office. The pastor will need to send their address and SIN to the National Office so they can send a T4 to the pastor. Upon receipt of that information, the National Office will send a check for the matching grant directly to the pastor, and will issue a T4 to the pastor.

### Taxes:

5. The minister is responsible for any associated taxes related to receiving a grant.
6. The church must report all grant funds as income on the minister's tax forms.

### Disbursement:

7. Grant for Debt Relief
  - The church must disburse the grant funds that the minister will use for personal debt payments as regular taxable income for the pastor.
  - The minister must use these disbursed grant funds to make payments on his or her student loans or other debts within 30 days of receipt of funds.
8. Grant for Retirement Savings
  - The church must disburse the grant funds that the pastor will use for retirement savings directly to the minister for the minister to contribute to their RRSP or TFSA.
  - The minister must use these funds to make contributions to their RRSP or TFSA within 30 days of receipt of funds.
9. Matching Grant
  - The National Office will disburse the matching grant to the pastor after receiving the funds from the COMPASS Initiative and after receiving the pastor's address and SIN.
  - The minister will follow the same payment instructions as above.
10. Payment Confirmation
  - The minister must send the debt payment confirmations and RRSP or TFSA contribution confirmations to [COMPASS@nazarene.org](mailto:COMPASS@nazarene.org) within 30 days of payment.

If you have any additional questions or concerns, please contact Bonnie Beam at the COMPASS Initiative [bbeam@nazarene.org](mailto:bbeam@nazarene.org) / (913) 577-2715, or contact the National Office at (888) 808-7490.