

Annual Returns



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Annual Returns: Registered Charity Information Returns

8.1 Why is the Registered Charity Information Returns Essential to Your Charity?



Key info

A registered charity **must** file an annual T3010 information return (together with financial statements and required attachments) no later than six months after the end of the charity's fiscal period.

The CRA does not grant extensions and there are serious consequences for not filing. Specifically, the charity's registration could be **revoked**. The consequences of revocation for a charity are:

- it is no longer exempt from tax;
- it cannot issue official donation receipts; and
- it may be subject to a tax equivalent to the full value of its remaining assets (revocation tax).

Moreover, the organization whose charitable status is revoked will suffer public embarrassment and a loss of goodwill in the community. While it is possible to re-apply for charitable status, it is not an easy process!

What this means for you

Aside from completing your information returns in a timely and accurate manner, you must keep a copy of your annual charitable returns in a safe and easily accessible place. Information follows on how to find your T3010 and related forms. File a copy here in your Office in a Box.



From

[www.cra-arc.](http://www.cra-arc.gc.ca/tx/chrts/)

gc.ca/tx/chrts/

prtngrtrn/cnsqncs-eng.html

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8.2 Details

Terminology: Why are there different names for the T3010?

When someone refers to the “T3010” in general, they are referring to the annual information return that the CRA requires registered charities to file each year, on time.

- “T3010A” refers to the annual information return that was only used by registered charities for fiscal periods ending on December 31, 2008 and earlier.
- “T3010B” is the annual information return for registered charities that is to be used for fiscal periods ending on or after January 1, 2009.



Most important: the deadline to file with the CRA is **no later than six months** after the year-end of your charity.

FAQs on the Registered Charity Information Return

1. What is the T3010?

The T3010 is an annual information return that registered charities are required to file with the Canada Revenue Agency (CRA). It has several components and all of them must be submitted, with no missing information, in order to comply with the requirements of being a registered charity.

The form itself was introduced 25 years ago and has two main goals: to ensure that charities are complying with the relevant income tax laws and to increase transparency and public trust of charities by providing publicly available information on their operations.

2. Who has to file a T3010?

Only federally registered charities need to file the return. Registered charities are organizations that have gone through an approval process with the Ministry of National Revenue; they may issue tax receipts to donors and are exempt from paying income tax.

This section has been reproduced, with permission, from The Charities File on Board <http://thecharitiesfile.ca/faq>

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3. Where do we get this form?

As a registered charity, the CRA will send you the form and remind you when it is due but you must ensure that the mailing address they have on file is correct and that it is the address where you would like to receive the material. Remember that they record three addresses for each charity: the mailing address (which may be a post office box, the home of the treasurer, a board member or the Executive Director, etc.), the physical address, and the address of where the books and records are kept.

The mailing address on file could be the address of someone (the treasurer or a board member, for example) who is no longer with your charity. It is important that you make sure the CRA has the correct contact information (and update them if that information changes). Although the CRA makes every effort to ensure that you receive the forms, the responsibility is yours. You can download the forms and resource materials from the CRA website.

4. When do we have to file the return?

Within six months of your registered charity's fiscal year end, you must file a complete return. A complete T3010 return includes at least four parts: the Registered Charity Information Return (form T3010), the Registered Charity Basic Information Sheet or BIS (form TF725), the Directors Worksheet (the list of directors/ trustees/ officials - complete with all required information - including postal codes) and a copy of your financial statements. If applicable, you must also send the Qualified Donees Worksheet (the list of qualified donees - complete with all the required information – including Business Numbers).

5. What happens if we don't file a return or if our return is late?

Failure to file a complete return within six months of your fiscal year end could result in the loss of charitable status and a monetary penalty of \$500.

6. Is this something our auditors automatically complete with our audit?

No; the T3010 is completed by your charity and is an indispensable part of your obligation as a registered charity. The specific individual responsible may vary in different charities - it may be your accountant, Treasurer, or Executive Director for example.

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7. How does the CRA use the form to determine if a charity is not complying with regulations?

In exchange for their privileged status of being exempt from paying tax, registered charities are accountable to the government and the public for the money they raise and how they use their resources.

The CRA regulates registered charities under the *Income Tax Act*. To keep their charitable status, charities must meet certain obligations and requirements. While charities on the whole vary a great deal, there should be some similarity in the returns of similar types of charities. If there is something on a return that is out of sync with the information expected regulators know to take a closer look at that charity. Usually the things that catch their attention are found to be acceptable or the result of human error – illegal, illegitimate or fraudulent activity is very rare. Their scrutiny preserves the good reputation of Canada's charitable sector.

In filing a complete T3010 return with the CRA, a charity is providing evidence that demonstrates that it is complying with the Act: operating for charitable purposes and public benefit (not private gain), devoting its resources to charitable activities and following the requirements of the *Income Tax Act* when issuing official donation receipts.

8. Who will have access to the information we provide on the form?

The Basic Information Sheet and part of the T3010 are available to the public online on the CRA website. Confidential information like Directors' birthdays, addresses etc. are not online but this information must be included in your return.

Sections of the return marked 'confidential' are not released to the public but under the *Income Tax Act*, the CRA can share some confidential information with other government departments and agencies. The sharing of any confidential information provided by charities is subject to strict federal rules. The CRA is also required to release confidential information in connection with any legal proceedings.

9. Why does the CRA post the form on the web?

The CRA is committed to providing information about legitimate registered charities to Canadians and promoting the transparency and accountability of registered charities in good standing.

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10. What are the main problem areas of compliance related to the form?

- You must include the Basic Information Sheet even if there are no changes. Ensure the addresses for Books and Records, Physical Location etc. are accurate and up to date.
- You must include Directors' birthdates, information about whether Directors/Trustees are at arm's length, and whether or not they were directors at year-end.
- Check that numbers add up to the totals you give and that corresponding line items in different sections of the form are consistent (i.e. have the same number in them).
- Make sure that all the information is complete. If you indicate that you have programs, include program descriptions and expenditures; if you indicate that you have foreign programs, ensure you include the name of the country (spelled correctly) and foreign programs expenditures; if you indicate that you have paid staff, include wage expenditures (and vice versa).
- Ensure the BN/Registration # for the qualified donee is correct (and not left blank).
- Don't complete sections that do not apply to your charity (for example, only foundations should fill out the sections pertaining to foundations).
- Make sure you understand the rules around compensating directors, disbursement quotas, political activities and fundraising expenses.
- Include your financial statement.
- Remember to sign it!

11. What are the main things we can do to help us accurately complete the form?

Know what you will need to know. The task of completing the return can be made much easier if you develop data collection systems and internal record keeping practices that ensure that all the information that you will need to complete the return is gathered in a consistent way throughout the year (and year to year, regardless of who is completing the return).

Start the process of completing the T3010 well in advance of the due date for your return. Consult the reference materials and online resources to ensure that you understand items that require interpretation and judgment. Recognize that sometimes there is a delay in receiving answers from the CRA to your questions. Keep notes year-to-year about what you've learned.

Plan to need more time than you might expect. People usually underestimate how long it will take them to gather all the information needed and to fill out all the forms and worksheets. Remember, you may need information from a number of different people in your charity and they may need lead-time to prepare it for you. Consider what financial resources may be required. You may need to consult a professional or hire an accountant, attend a workshop or training session, for example.

Keep the dual purpose of the T3010 in mind. The information in the return demonstrates the legal compliance of your charity to government regulators AND serves to secure the public trust by showing transparently how donations are used to serve charitable ends.

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12. Where can charities get help when they fill out the form?

The Charities Directorate is committed to helping registered charities understand and comply with the rules and regulations of the *Income Tax Act*. They operate a free electronic mailing list that notifies subscribers to the Charities What's New list of additions to the Charities Web site; Charities Newsletters; policy statements and commentaries; new guidelines; and new information about outreach activities like the Charities Directorate Roadshow. The CRA website houses all forms, guides and publications as well a glossary of terms used.

- Website: <http://www.cra-arc.gc.ca/tx/chrts/menu-eng.html>

- Telephone:

The CRA Charities Directorate bilingual toll-free telephone service provides information about registered charities. This service is available weekdays (except statutory holidays) from 8 a.m. to 8 p.m. Eastern Time

Toll free in Canada:

1-800-267-2384 (English) or 1-888-892-5667 (bilingual)

- Other Information:

Subscribe to the CRA Charities Directorate's "What's New" electronic mailing list, to be notified when important new information is added to the website. Go online:

www.cra-arc.gc.ca/esrvc-srvce/mlst/sbscrbchrts-eng.html

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Treasurer's Chest info sheet

A complete T3010B package includes:

- A completed T3010B Information Return
- Basic Information Sheet
- Financial statements for year of return
- Completed Director/Trustee sheet - T1235
- Completed Qualified Donee worksheet - T1236

Do not forward the:

- Capital Gains and Disbursement Quota Worksheet - T1259

General information about the T3010B

- Must be filed within 6 months of fiscal year end
- A package is received in mail in the month following the fiscal year end
- A process should be developed to ensure completion, compliance and filing
- Is a release of financial information to public
- Develop processes to capture information required for return

Financial statements for fiscal period

Must be approved and signed by the Board's Treasurer and/or an authorized Director or Trustee. They show the sources of revenue and how the money was spent

- Statements of assets and liabilities (Balance Sheet)
- Statement of revenue and expenditures (Income Statement)

Ensure accurate transfer of information to T3010B

- Generally accounting packages use categories that do not directly match the T3010B reporting categories
- Organizations should look at ways of recording revenue and expenditures to ease transfer of information – for current and future reporting
- Use specific spreadsheets to track important categories
 - Gifts-in-Kind – Fair Market Value, capital gains implications
 - Enduring property – implications on DQ
- Obtain advice about complex issues like:
 - Capital gains, capital gains pool, capital gains reduction
 - Enduring property (i.e. planned giving)
 - Types of gifts (specific, exempted)
 - Non-qualified investments and securities

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Ensure expenditure allocation is appropriate

The T3010B is constructed to isolate expenditures by *purpose*, thus ensuring adequate resource allocation to identified charitable activities

- 5000 Charitable programs (main focus)
- 5010 Management and Administration
- 5020 Fundraising
- 5030 Political Activities
- 5040 Other Expenditures
- 5050-70 Qualified Donees
- 5100 Total Expenditures

Common challenges

- Late filing of the T3010B Information Return
- Incomplete T3010B Information Returns
- Insufficient books and records
- Incomplete receipts/False information

Ensure due diligence of board

The T3010B package must be officially signed by a Director/Trustee/Like Official. This process:

- Certifies that all information is correct and has been approved by a representative of the legal governing body of the charity
- Assumes Board has been directly involved in approval of information
- Assumes Board have been appropriately involved in process of completion and is aware of any issues which might affect CRA compliance– due diligence

Implement strategies to ensure compliance

- Effective communication with CRA and Board
- Completing all forms accurately and correctly requires *quality* time
- Financial practices should facilitate T3010B Information Return reporting expectations
- Ensure an “organizational memory” for future reporting – there is a significant learning curve

For more help

Use the support and professional expertise of the CRA, and review the Guide to Completing the Charities Information Return (T4033B).

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What the CRA says about...

T3010B, Registered Charity Information Return, with accompanying forms and financial statements

As part of our ongoing effort to help small and rural charities meet their registration obligations, including their filing obligations, the Charities Directorate has created a sample T3010B, **Registered Charity Information Return**, along with certain samples of accompanying forms. We have also created accompanying **sample** financial statements.

The charity we refer to in these samples is a fictional small church. These samples should help small and rural charities better understand:

- how to complete their information return; and
- what information they should be providing in their financial statements.

Important

You must include a copy of your charity's financial statements with your annual information return. If you do not include your financial statements we will consider your return to be incomplete, and your organization could have its charitable registration revoked.

At a minimum, financial statements consist of a statement of assets and liabilities, and a statement of revenue and expenditures for the fiscal period. They should show the different sources of your charity's revenue and how it spent its money. The return (other than the items marked confidential) and the financial statements filed with it are available to the public.

The CRA recommends that charities file audited financial statements if their gross income from all sources is more than \$250,000. **The charity's treasurer should sign any financial statements that have not been professionally prepared.**



From www.cra-arc.gc.ca/tx/chrts/prtng/rtrn/smpls-eng.html



See Section 7 for more info on financial statements.



The CRA has created an electronic version of the T3010B form on its website that you can download to your computer.

Access the form here: www.cra-arc.gc.ca/E/pbg/tf/t3010b/README.html

To make it more convenient for charities, you can now fill that electronic T3010B form with your charity's information, and save your work as you go.

When the form is complete, simply print a copy and mail it to the Charities Directorate.

Unfortunately, if your charity has amounts that exceed nine characters you will not be able to use the fillable/ saveable form.

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The following samples are available online:

- [Form T3010B, Registered Charity Information Return](#) (PDF, 318 KB)
- [Financial Statements](#)
- [Form T1235, Directors/Trustees and Like Officials Worksheet](#) (PDF, 124 KB)
- [Form T1236, Qualified Donees Worksheet/Amounts Provided to Other Organizations](#) (PDF, 83 KB)

Access these samples online: www.cra-arc.gc.ca/tx/chrts/prtngrtrn/smpls-eng.html

Further information to help you, created by the CRA

For more information on the CRA's requirements for **financial statements**, go online: www.cra-arc.gc.ca/tx/chrts/prtngrtrn/fnncl-eng.html

The CRA has created **Guide T4033B** (revised 09): Completing the Registered Charity Information Return. This guide, to be used for all information returns with fiscal periods that end on or after January 01, 2009, will help you to complete the T3010B.

Note: The CRA will not mail this guide to you with your T3010B filing package. It is only available online at www.cra.gc.ca/E/pub/tg/t4033b/README.html

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What the CRA says about... Common mistakes made on the T3010B return



From www.cra-arc.gc.ca/tx/chrts/prtng/rtrn/mstksb-eng.html

Mistakes can cause various problems such as processing delays, missing returns, and incorrect disbursement quota calculations.

Below is a list of common mistakes made when filing the T3010B, Registered Charity Information Return:

- the return is mailed to an address other than the Charities Directorate;
- the return is filed on the wrong form (see **Filing the information return** at www.cra-arc.gc.ca/tx/chrts/prtng/rtrn/flngb-eng.html);
- the **financial statements** are not attached (see www.cra-arc.gc.ca/tx/chrts/prtng/rtrn/fnncl-eng.html);
- the financial statements do not have the same fiscal period ending as the T3010B return;
- the **Registered Charity Basic Information sheet** is not attached (see www.cra-arc.gc.ca/tx/chrts/prtng/rtrn/nfsht-eng.html);
- fundraising activities instead of charitable activities are described in Section C2;
- Director/Trustee dates of birth are missing on **Form T1235, Directors/Trustees and Like Officials Worksheet** (see www.cra-arc.gc.ca/E/pbg/tf/t1235/README.html);
- Directors/Trustees arm's length status is missing on Form T1235;
- Directors/Trustees postal codes are missing on Form T1235;
- Qualified Donees' BN/Registration numbers are missing on **Form T1236, Qualified Donees Worksheet / Amounts Provided to Other Organizations** (see www.cra-arc.gc.ca/E/pbg/tf/t1236/README.html);
- the Certification area in Section E is not signed.

To report financial information, charities can complete Section D or Schedule 6, depending on certain criteria. If the charity has completed **Section D**:

- lines 4500 to 4650 do not add up to the amount on line 4700;
- lines 4860 to 4920 do not add up to the amount on line 4950;
- there is no entry on line 5000 for charitable program expenditures.

If the charity has completed **Schedule 6**:

- lines 4500, 4510 to 4580, and 4600 to 4650 do not add up to the amount on line 4700;
- lines 4950, 5050, 5060 and 5070 do not add up to the amount on line 5100;
- there are entries on lines 5500 to 5520 when the charity has not been granted permission to accumulate funds;
- there are no entries on line 5900 and 5910 when required.

(To change a return that has already been filed, see **Amending the information return** at www.cra-arc.gc.ca/tx/chrts/prtng/rtrn/mndng-eng.html)

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What the CRA says about... Filing the T3010B return



Use the T3010B form for fiscal periods that end on or after January 01, 2009.
If you file your return on the wrong form, your charity risks losing its registered status.
If you are not sure which form to use, call the CRA's Client Service Section at 1-800-267-2384.



From www.cra-arc.gc.ca/tx/chrts/prtng/rtn/flngb-eng.html

What does a completed information return include?

- Form T3010B, Registered Charity Information Return;
- Form TF725, Registered Charity Basic Information sheet;
- Form T1235, Directors/Trustees and Like Officials Worksheet (not required if filing Form RC232-WS;
- Form T1236, Qualified Donees Worksheet / Amounts Provided to Other Organizations (if applicable);
- Form T2081, Excess Corporate Holdings Worksheet for Private Foundations (if applicable; and
- A copy of the charity's own **financial statements** (even if the charity was not active).

When is the information return due?

A complete information return must be filed no later than **six months** after the end of the charity's fiscal period.

What address should the information return be mailed to?

Charities Directorate
Canada Revenue Agency
Ottawa ON
K1A 0L5

Mailing the information return to an address other than the Charities Directorate (such as a tax services office) may result in processing delays.

What other forms or documents should be filed with the information return?

If the charity is no longer in operation, attach a letter signed by an authorized representative of the charity, asking us to revoke the charity's registration.

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What should not be filed with the information return?

- If the charity has made changes to its governing documents during the fiscal period, it must send us an official copy of the amended governing documents. These should be mailed in a *separate envelope* from the return to avoid processing delays.
- Do not file Form T1259 (09), Capital Gains and Disbursement Quota Worksheet with the return. The worksheet is provided for the charity's use only.
- Do not file copies of official donation receipts with the information return.
- Do not file requests for changes to contact person, telephone numbers, mailing address, etc., with the information return unless the changes are indicated on the [Registered Charity Basic Information sheet](#). Requests for changes not indicated on the Registered Charity Basic Information sheet should be mailed separately to avoid processing delays.

Helpful resources

“The Charities File: On Board” was a project created with contribution funding from the CRA (like the one that created this Office in a Box). It has produced some excellent resources to help better understand what financial information needs to appear on the annual T3010B form.



From
<http://thecharitiesfile.ca>

Two resource sheets follow, which have been reproduced with permission, from The Charities File: On Board. They are most suitable for treasurers working with small and rural charities.

- **Treasurer's Chest: Transferring Financial Information**
- **Determining which expenses go to which category**

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Treasurer's Chest: Transferring Financial Information

The following guide was produced as a sample of how churches might allocated expenditures in either the Charitable Activities category or the Management and Administration/Fundraising categories

| Expenditure - Charitable Activities | Field | Expenditure - Mgmt & Admin/Fundraising | Field |
|-----------------------------------------------------------------------|---------|--------------------------------------------------------------------|-------|
| (Reported on line 5000) | | (Reported on lines 5010 or 5020) | |
| Advertising of services | 4800 | Accounting fees | 4860 |
| Benevolent gifts | 4920 | Bank charges | 4820 |
| Capital purchases (land & buildings) (7) | | Capital purchases (land & buildings) (7) | |
| Church | | investment properties | 4890 |
| church hall (1) | 4890 or | Church hall (1) | or |
| residence (2) | 4900 | maintenance | 4850 |
| Car allowance (3) | 4880 | municipal taxes | 4850 |
| Cemetery maintenance | 4850 | insurance | 4850 |
| Church hall (1) | | Costs incurred - dinners | |
| maintenance | 4850 | advertising & promotion | 4800 |
| municipal taxes | 4850 | licensing | 4830 |
| insurance | 4850 | office supplies & equipment | 4840 |
| Costs incurred - church facilities rented out for religious functions | | occupancy costs | 4850 |
| advertising & promotion | 4800 | salaries, wages | 4880 |
| licensing | 4830 | other | 4920 |
| office supplies & equipment | 4840 | Costs incurred - church facilities rented out for social functions | |
| occupancy costs | 4850 | advertising & promotion | 4800 |
| salaries, wages | 4880 | licensing | 4830 |
| other | 4920 | office supplies & equipment | 4840 |
| Guest speakers (religious) | 4920 | occupancy costs | 4850 |
| Honoraria - organist, minister | 4880 | salaries, wages | 4880 |
| Insurance premiums (6) | 4850 | other | 4920 |
| Flowers for altar | 4840 | Guest speakers (social) | 4920 |
| Interest on mortgages (6) | 4850 | Honoraria - treasurer | 4880 |
| Major repairs | | Insurance premiums (6) | 4850 |
| church | 4850 | Interest on mortgages (6) | 4850 |
| church hall (1) | 4850 | Legal fees | 4860 |
| residence (2) | 4850 | Major repairs | |
| Minor maintenance | 4850 | church hall (1) | 4850 |
| | | residence (2) | 4850 |

| Expenditure - Charitable Activities | Field | Expenditure - Mgmt & Admin/Fundraising | Field |
|--------------------------------------------|---------|-------------------------------------------|-------|
| Mortgage payments | | Mortgage payments | |
| church | 4850 | church hall (1) | 4850 |
| church hall (1) | 4850 | residence (2) | 4850 |
| residence (2) | 4850 | | |
| | 4850 or | Office space rental | 4850 |
| Minister's residence (2) | 4880 | | |
| | | Office supplies and minor equipment (5) | 4840 |
| Municipal taxes | 4850 | | |
| | | Postage (if for fundraising - field 4800) | 4840 |
| Pay TV religious channel for residence (4) | 4850 | | |
| | | Payment costs of loans from members | 4920 |
| Printing costs (bulletins, etc.) | 4840 | | |
| | | Salaries-support staff (5) | 4880 |
| Reference books for pastor | 4840 | | |
| Expenditure - Charitable Activities | Field | Utilities - residence | 4850 |
| Rental costs for church services | 4850 | | |
| | | | |
| Repairs to church hall (6) | 4850 | | |
| | | | |
| Salaries-support staff (5) | 4880 | | |
| | | | |
| Salary of Minister | 4880 | | |
| | | | |
| Sunday School | | | |
| advertising & promotion | 4800 | | |
| travel & vehicle | 4810 | | |
| licensing | 4830 | | |
| office supplies & equipment | 4840 | | |
| occupancy costs | 4850 | | |
| education & training (staff, volunteers) | 4870 | | |
| salaries, wages | 4880 | | |
| other | 4920 | | |
| | | | |
| Tithes to head body | 4830 | | |
| | | | |
| Utilities | | | |
| church | 4850 | | |
| residence (2) | 4850 | | |

Notes for consideration

(1) Church Hall

If the church hall is used for religious or other charitable purposes, then expenditures in relation thereto should be reported in the appropriate field shown above under "Expenditures - Charitable Activities". If the expenditures are related to private social affairs (weddings, etc.) they should be reported in the appropriate field shown above under "Expenditures - Management & Administration. Related expenses for maintenance, repairs, mortgage payments, municipal taxes, insurance, etc. would be reported accordingly.

(2) Residence

If the residence is a manse which forms part of the church fabric (is owned by the church or a qualified donee) , then this expenditure should be reported in the appropriate field shown above under "Expenditures - Charitable Activities". Also, expenditures for repairs, maintenance, mortgage payments, utilities, municipal taxes and insurance for this residence would be reported in the appropriate field under the same heading above. If the clergy resides in housing which is not owned by the church or a qualified donee, and s/he receives a housing allowance, this expenditure is shown in field 4880.

(3) Car Allowance

Car allowance would be reported in field 4880. However, any expenses related to use of the car for personal reasons would not be included in the total in field 5000.

(4) Pay TV

Pay TV costs for the residence may be charitable if a substantial part of the programming is used to inform and educate the pastor so the s/he may more effectively carry out his/her religious duties. Similar to "Reference books for the pastor".

(5) Support Staff Salaries, Office Supplies and Equipment

Support staff salaries, or a portion thereof, may be charitable (custodian cleaning the church for services, secretary typing up a religious newsletter for distribution at services). The salary must be apportioned between expenditures for charitable activities and expenditures for management and administration. Office supplies/minor equipment may be apportioned in same manner

(6) Other

If a charity owns a building which is used for charitable purposes and programs, expenditures on mortgage payments, maintenance, utilities, municipal taxes, insurance, repairs and improvements to the building would be considered expenditures toward charitable activities. If a charity owns a building which is used for investment purposes, the expenses would be considered expenditures on management and administration. If the building is used for both charitable and investment purposes, the expenses would be apportioned accordingly.

(7) Capital Purchases (Land and Buildings)

If the charity chooses to expense the full amount of the capital purchase in this fiscal year, the amount is shown in field 4890. If amortized, the amount is shown in field 4900.

Determining which expenses go to which category

The T3010B is constructed to isolate expenditures by purpose, thus ensuring adequate resource allocation to identified charitable activities. Donors can access CRA's Charities Directorate to evaluate efficiency and effectiveness of charitable organizations. CRA reviews this and other information to determine if a charity is meeting its obligation of devoting all of their resources, including financial, human, and physical resources, to **charitable purposes**. Year to year inconsistencies can trigger audits or inquiries by CRA.

Expenses related to Charitable Activities are listed on Line 5000 of the T3010B

Includes all expenditures essential for your charity to carry out its charitable programs.

For example, a hospital would include the salaries not only of the medical and nursing staff that treat the patients, but also of those providing support services that enable the patient to stay in the hospital, such as kitchen and housekeeping staff.

- This also includes salaries of those who provide the assistance that the doctors and nurses need to perform their healing role, such as laboratory technicians.
- Also include any disbursements for supplies and equipment that the nurses, kitchen workers, and technicians use.

Expenses related to Management and Administration are listed on Line 5010 of the T3010B

Includes all expenditures related to the overall management and administration of your charity.

Examples of expenditures you should include here are the cost of

- holding meetings of the board of directors;
- accounting, auditing, personnel, and other administrative services;
- purchasing supplies and equipment, and paying occupancy costs for administrative offices; and
- applying for grants or other types of government funding, and/or for gifts from other qualified donees

Expenses related to Fundraising are listed on Line 5020 of the T3010B

Includes expenses paid out for fundraising activities whether carried out by the registered charity or by contracted fundraisers.

Examples of fundraising expenditures are:

- expenditures for conducting fundraising activities, including salaries and overhead costs, promotional materials, campaign supplies, electronic data processing, and year-round office expenses directly related to fundraising;
- expenditures for promoting the registered charity and its activities to the community primarily for fundraising purposes;
- fees the registered charity paid to outside fundraising consultants or agencies (or amounts retained by them); and
- postage costs for direct mail canvassing

Expenses related to Political Activities are listed on Line 5030 of the T3010B

Charities are allowed to spend a certain percentage on political activities. For information concerning allowable political activities see CRA's policy statement CPS-22. <http://www.cra-arc.gc.ca/tx/chrts/plcy/cps/cps-022-eng.html>

Expenses related to Other Expenditures are listed on Line 5040 of the T3010B

There may be amounts as part of line 4950 that represent expenditures for other activities. Examples of other expenditures are:

- the premiums the registered charity paid to maintain life-insurance policies that donors have given to the registered charity;
- the costs of rental property the registered charity does not use to operate its charitable programs, administration, or fundraising;
- the costs of producing and selling goods and services the registered charity does not use, produce, or sell in the context of its charitable work;
- amounts spent in the fiscal period that the registered charity had previously accumulated with our permission; and
- amounts the registered charity spent in the fiscal period to cover prior year shortfalls further to a compliance agreement with the Charities Directorate

Certain expenditures, such as salaries and occupancy costs, can be classified across multiple categories.

In these cases, these expenditures should be:

- divided accordingly; and
- reported throughout your charity's return on a reasonable and consistent basis

For additional information, refer to CRA's document T4033A - Completing the Registered Charity Information Return http://www.cra-arc.gc.ca/E/pub/tg/t4033a/t4033a-e.html#P494_46760 .

Activity: To which categories could the following expenses be assigned?

| Nature of the expense | | Charitable Line 5000 | Mgmt/ Admin Line 5010 | Fundraising Line 5020 | Political Line 5030 | Other Line 5040 |
|-----------------------|----------------------------------------------------------------|-------------------------|-----------------------------|--------------------------|------------------------|--------------------|
| 1 | Honorariums to speakers | | | | | |
| 2 | Board of Directors meeting costs and travel | | | | | |
| 3 | Office expense / rental / utilities | | | | | |
| 4 | Information brochures on program | | | | | |
| 5 | Advertising and promotion | | | | | |
| 6 | Salaries and wages for staff involved in program delivery | | | | | |
| 7 | Rent for space where program is carried out | | | | | |
| 8 | Training for program volunteers | | | | | |
| 9 | Salaries of staff not exclusively involved in program delivery | | | | | |
| 10 | Website costs, Internet and IT costs | | | | | |
| 11 | Donations to other Qualified Donees | | | | | |
| 12 | Insurance for Board Members | | | | | |
| 13 | Professional fees/licenses | | | | | |
| 14 | Interest and Bank Charges | | | | | |
| 15 | Annual General Meeting expenses | | | | | |
| 16 | Insurance for donor life insurance policies | | | | | |
| 15 | Executive Director if not directly involved in programs | | | | | |
| 17 | Vehicle costs, gas, maintenance etc. | | | | | |
| 18 | Postage/courier/mailings | | | | | |
| 19 | Consultant for Fundraising | | | | | |
| 20 | Amounts to cover prior year shortfalls | | | | | |

Answer Key:

You will note that many of the expenses can be allocated to multiple categories. The individual(s) responsible for completing the T3010 Annual Information Return would need to evaluate each expense with respect to the charity's objects and purposes and then select the appropriate category(ies). Maintaining consistency from year to year is important as it allows for more meaningful trend analysis. If, however an error is noticed, it should be corrected. Refer to Amending the Information Return on CRA's website for the process to be followed at <http://www.cra-arc.gc.ca/tx/chrts/prtng/rtrn/mndng-eng.html>.

| Nature of the expense | | Charitable Line 5000 | Mgmt/ Admin Line 5010 | Fundraising Line 5020 | Political Line 5030 | Other Line 5040 |
|-----------------------|----------------------------------------------------------------|-------------------------|-----------------------------|--------------------------|------------------------|--------------------|
| 1 | Honorariums to speakers | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2 | Board of Directors meeting costs and travel | | ✓ | | | |
| 3 | Office expense / rental / utilities | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4 | Information brochures on program | ✓ | | | | |
| 5 | Advertising and promotion | ✓ | | ✓ | ✓ | ✓ |
| 6 | Salaries and wages for staff involved in program delivery | ✓ | | | | |
| 7 | Rent for space where program is carried out | ✓ | | | | |
| 8 | Training for program volunteers | ✓ | | | | |
| 9 | Salaries of staff not exclusively involved in program delivery | ✓ | ✓ | ✓ | ✓ | ✓ |
| 10 | Website costs, Internet and IT costs | ✓ | ✓ | ✓ | ✓ | ✓ |
| 11 | Donations to other Qualified Donees | ✓ | | | | |
| 12 | Insurance for Board Members | | ✓ | | | |
| 13 | Professional fees/licenses | ✓ | ✓ | ✓ | ✓ | ✓ |
| 14 | Interest and Bank Charges | | ✓ | | | |
| 15 | Annual General Meeting expenses | | ✓ | | | |
| 16 | Insurance for donor life insurance policies | | | | | ✓ |
| 15 | Executive Director if not directly involved in programs | | ✓ | | | |
| 17 | Vehicle costs, gas, maintenance etc. | ✓ | ✓ | ✓ | ✓ | ✓ |
| 18 | Postage/courier/mailings | ✓ | ✓ | ✓ | ✓ | ✓ |
| 19 | Consultant for Fundraising | | | ✓ | | |
| 20 | Amounts to cover prior year shortfalls | | | | | ✓ |

8.3 Where to Find More Information on Registered Charity Information Returns

Canada Revenue Agency, Charities Directorate

www.cra-arc.gc.ca/tx/chrts/menu-eng.html

Charities Client Assistance: 1-800-267-2384

Charity Central

www.charitycentral.ca

Charities File: On Board

<http://thecharitiesfile.ca>

T3010B FAQs

<http://thecharitiesfile.ca/faq>

Ten Practices for Managing Your Charitable Status: Participant Workbook (2008).

http://thecharitiesfile.ca/sites/thecharitiesfile.ca/files/Ten_Practices_Workbook.pdf

Legal Information Society of Nova Scotia

www.legalinfo.org

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| Importance of T3010B | Details | More Info | Your Return | Importance of Returns | Admin Filings | More Info | Your Return |
|----------------------|---------|-----------|-------------|-----------------------|---------------|-----------|-------------|

8.4 A Place to File Your Registered Charity Information Returns

Books & Records: Length of Retention

| Type of record | Description | Retention period |
|----------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Other" | T3010As and T3010Bs | <ul style="list-style-type: none">• six years from the end of the last taxation year to which the record relates• two years after the charity's registration was revoked |

(From Charity Central: www.charitycentral.ca/site/docs/FastFacts_BandR_Length_final.pdf)

Annual Returns: Provincial or Federal Annual Returns



Contents

- 8.5 Why is the Provincial or Federal Annual Returns Essential to Your Charity?
- 8.6 Information on Administrative Filings
 - Sample returns
- 8.7 Where to Find More Information on Provincial or Federal Annual Returns
- 8.8 Folder: A Place to File Your Provincial or Federal Annual Returns

| | |
|-----------|-----------------------|
| 1 | Overview |
| 2 | Administrative Info |
| 3 | Constitution |
| 4 | Charitable Status |
| 5 | Minutes |
| 6 | Policies & Procedures |
| 7 | Financial Documents |
| 8 | Annual Returns |
| 9 | Official Tax Receipts |
| 10 | Operational Info |
| Resources | |

Annual Returns: Provincial or Federal Annual Returns

8.5 Why is the Provincial or Federal Annual Returns Essential to Your Charity?



Key info

A charity must maintain its status as a legal entity.

A registered charity that is constituted federally, provincially, or territorially **must** meet other specific requirements (in addition to the requirements of the CRA) in order to maintain its status as a legal entity. Failure to maintain your status could result in the CRA revoking your registration as a charity.

Has the charity checked with the relevant authorities such as Industry Canada or the provincial or territorial registrar to verify the following requirements?

- Annual returns and/or fees. These are usually required to keep the charity's status as a legal entity current if the charity is constituted federally, provincially, or territorially. These annual returns are **in addition** to the CRA filing requirement for the T3010 registered charity information return.

What this means for you

You must keep a copy of your annual returns in a safe and easily accessible place. Information follows on how to find your annual returns. File a copy here in your Office in a Box.



From www.cra-arc.gc.ca/tx/chrts/chcklsts/igl-eng.html



Revocation:
To lose one's charitable status

Registered charities must comply with the requirements of both the

- *Income Tax Act* and
- provincial legislation on registering and maintaining a charity's organizational legal status and other legal issues.

Depending on how your organization is incorporated, it must meet certain requirements under its incorporating statute. For example:

| Jurisdiction | Statute |
|--------------|------------------------------------------------------------------------------------------------|
| Saskatchewan | <i>The Non-Profit Corporations Act, 1995</i> , Chapter N4-2 of the Statutes of Saskatchewan |
| Federal | <i>Canada Corporations Act</i> R.S.C. 1970, c. 32 (Part II) |



Refer to
Section 3.3
for all info on
statutes.



From www.charitycentral.ca/site/?q=node/99

| | | | | | | | |
|----------------------|---------|-----------|-------------|-----------------------|---------------|-----------|-------------|
| Importance of T3010B | Details | More Info | Your Return | Importance of returns | Admin Filings | More Info | Your Return |
|----------------------|---------|-----------|-------------|-----------------------|---------------|-----------|-------------|



8.6 Information on Administrative Filings

In Saskatchewan, the *Non-profit Corporations Act*, 1995 (the Act) sets out what is required to register and maintain a non-profit corporation. The Corporations Branch of Saskatchewan Justice administers the reporting and filing requirements set out in the Act.

For organizations registered under this Act, the annual return is due not later than one month after the last anniversary date of the incorporation of the corporation.



Make sure to note this date on your calendar in Section 2.

Province of Saskatchewan – Reporting and Filing Requirements

Register of Corporations

The Corporations Branch keeps a list called the Register of Corporations. It contains the names of all corporations incorporated or registered under the Act.

A corporation must meet all of the filing requirements to remain on the register and in good standing with Corporations Branch.

There are benefits to being a registered corporation. A registered corporation may act as a separate legal being or entity. It may qualify to get or keep funding. And it may be in good standing with other agencies.

On the other hand, there may be consequences to having a corporation's name removed from or "struck" from the Register of Corporations.

Striking a Corporation from the Register:

The Director of Corporations Branch may strike or remove the name of a corporation from the register if the corporation:

- Does not file any notice, return or other document that the Act requires to be filed;
- Does not pay any required fee;
- Dissolves and amalgamates with another corporation; or
- Does not follow certain directions that may be given to it by the Director.



From www.justice.gov.sk.ca/NPT/CHP9-register.shtml

| | | | | | | | |
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| Importance of T3010B | Details | More Info | Your Return | Importance of Returns | Admin Filings | More Info | Your Return |
|----------------------|---------|-----------|-------------|-----------------------|---------------|-----------|-------------|



Annual Returns

8.6 – 2

The most common reason why a corporation is struck from the register is for not filing its annual return or financial statements. Where annual statements are concerned, a corporation will be struck from the register if:

- an annual return is not received within four months of the due date; or
- if financial statements are not filed within six months of the fiscal year end.

Striking a corporation off the Register is not the same as dissolving the corporation.

Other Reporting to Corporations Branch

Within 30 days after they are presented to the members, these documents must be filed at Corporations Branch:

- A copy of the financial statements; and
- A copy of the auditors or reviewers report, if any.



Make sure to note this date on your calendar in Section 2.

More information is available on reporting and filing requirements for non-profit organizations in Saskatchewan registered under the Non-profit Corporations Act. The Tutorial for Directors and Officers of *Non-profit Organizations* in Saskatchewan provides information online on various topics:

- Annual returns – www.justice.gov.sk.ca/NPT/CHP9-returns.html
- Reporting changes to the Corporations Branch; Filing articles of amalgamation; Winding up or “dissolving” a corporation – www.justice.gov.sk.ca/NPT/CHP9-changes.shtml

| | | | | | | | |
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| Importance of T3010B | Details | More Info | Your Return | Importance of Returns | Admin Filings | More Info | Your Return |
|----------------------|---------|-----------|-------------|-----------------------|---------------|-----------|-------------|



Sample returns

For a sample of the annual return required for non-profit corporations in Saskatchewan incorporated under the *Non-profit Corporations Act*, go online to www.qp.gov.sk.ca/documents/Forms/N4-2R1-26.pdf



All forms needed by Saskatchewan non-profits can be accessed online at www.publications.gov.sk.ca/prdtermist.cfm?t=1960&cl=2

For a sample of the annual summary required for nonprofit companies across Canada incorporated under the *Canadian Corporations Act*, go online to www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/h_cs02146.html

Important to note

The legislation governing the *Canada Corporations Act* will be changing soon!

On June 23, 2009, Bill C-4, the *Canada Not-for-profit Corporations Act* received Royal Assent. It is anticipated that the New Act will come into force in late-2010 or early 2011. Once proclaimed in force, it will replace the *Canada Corporations Act*, under which federal not-for-profit corporations are currently incorporated. All federal NFP corporations will be required to continue under the Act. There will be a three-year transition period.



From www.carters.ca/pub/update/charity/09/dec09.pdf



All forms needed by Canadian nonprofit companies (under the *Canada Corporations Act*) can be accessed online at www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/h_cs03925.html

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| Importance of T3010B | Details | More Info | Your Return | Importance of Returns | Admin Filings | More Info | Your Return |
|----------------------|---------|-----------|-------------|-----------------------|---------------|-----------|-------------|



8.7 Where to Find More Information on Provincial or Federal Annual Returns

Charity Central

www.charitycentral.ca

Board Development Program Workbook:

Drafting and Revising Bylaws for Not-for-Profit Organizations in Alberta (2009). Alberta Culture and Community Spirit & The Muttart Foundation.

http://culture.alberta.ca/bdp/workbooks/Drafting_%20Revising09.pdf

Industry Canada

Corporations Canada

www.ic.gc.ca/eic/site/cd-dgc.nsf/eng/home

Saskatchewan Corporations Branch

<https://www.corporations.justice.gov.sk.ca/welcomessl.asp>

Tutorial for Directors and Officers of Non-profit Corporations in Saskatchewan:

Sample Bylaws. Saskatchewan Department of Justice.

www.justice.gov.sk.ca/NPT/pdfs/SampleBylaws.pdf

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|----------------------|---------|-----------|-------------|-----------------------|---------------|-----------|-------------|
| Importance of T3010B | Details | More Info | Your Return | Importance of Returns | Admin Filings | More Info | Your Return |
|----------------------|---------|-----------|-------------|-----------------------|---------------|-----------|-------------|

8.8 A Place to File Your Federal or Provincial Annual Returns

Books and Records: Length of Retention

| Type of record | Description | Retention period |
|----------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Other" | Annual returns – provincial or federal | <ul style="list-style-type: none">• six years from the end of the last taxation year to which the record relates• two years after the date on which the registration of the charity is revoked |

(From Charity Central: www.charitycentral.ca/site/docs/FastFacts_BandR_Length_final.pdf)