



Errors related to official donation receipts

Content

- the name of Canada Revenue Agency and website canada.ca/charities-giving
- the city, town or municipality where the receipt was issued
- a statement that it is an "official receipt for income tax purposes"
- the date the donation was received, if different from the date the receipt was issued

Control

- receipts are not issued in sequential order
- listing of receipts contains gaps in the numbers
- exact duplicate copies of receipts are missing

How to avoid these errors?

- Know the requirements of an official receipt:
 - Consult the Charities Directorate's webpages at canada.ca/charities-giving; or
 - Consult Regulation 3501 of the Income Tax Act

Official donation receipt for income tax purposes

Receipt # XXXXX

Charity or qualified donee name _____
 Address _____
 Charitable registration #: 000000000 RR 0000* _____

Receipt issued DD/MM/YYYY _____
 Location issued City, Prov. _____

Donated by _____
 (First and last name, and initial)
 Address _____

Donation received (Date) _____ Amount of gift (Fair market value of property) **A** _____

Value of advantage to (Cash/Fair market value of property) _____ **B** Eligible amount of gift (Line A minus Line B) **C** _____

Description of property received _____
 Fair market value appraised by _____
 Address of appraiser _____
 Description of advantage _____

Authorized signature: _____

Canada Revenue Agency - canada.ca/charities-giving

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Receipts for cash gifts must have the following:

- a statement that it is an official receipt for income tax purposes
- the name and address of the charity as on file with the Canada Revenue Agency (CRA)
- a unique serial number
- the registration number issued by the CRA
- the location where the receipt was issued (city, town, municipality)
- the date or year the gift was received
- the date the receipt was issued
- the full name, including middle initial, and address of the donor
- the amount of the gift
- the amount and description of any advantage received by the donor
- the eligible amount of the gift
- the signature of an individual authorized by the charity to acknowledge gifts
- the name and website address of the CRA

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Receipts for non-cash gifts (gifts in kind) must also include:

- the date the gift was received (if not already included)
- a brief description of the gift received by the charity
- the name and address of the appraiser (if the gift was appraised)

*The amount of a non-cash gift must be its fair market value at the time the gift was made.

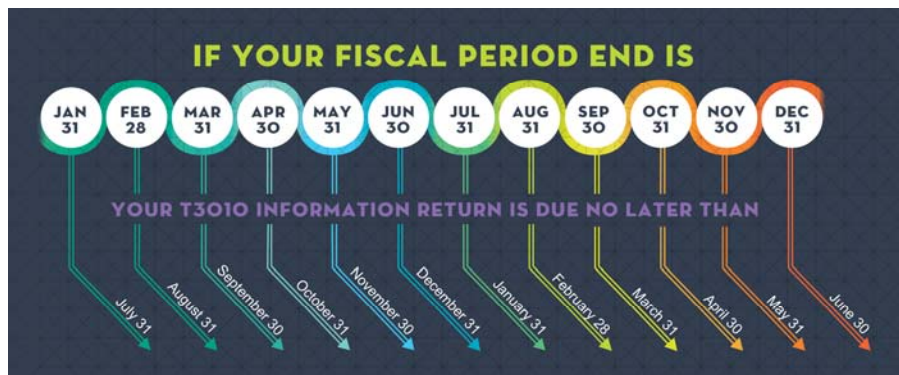
Incomplete or incorrect Form T3010, Registered Charity Information Return

- Missing or incorrect amounts reported
- Missing complete director information
- Financial statements are not filed with Form T3010
- Information return is not filed on time

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How to avoid filing an incomplete or incorrect return?

- Refer to our website canada.ca/charities-giving



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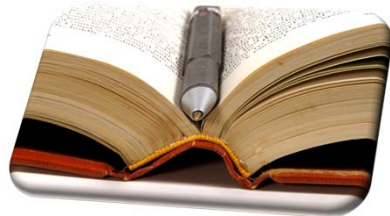
How to avoid filing an incomplete or incorrect return? (cont'd)

- Contact the Charities Directorate by telephone at 1-800-267-2384;
- As of June 2019, file online
 - **It will be faster and easier, will reduce opportunities for errors, will automatically update your charity's entry on the List of Charities, and more!**
- Include financial statements with your return; and
- **File on time!**
That's within 6 months of your fiscal year-end.

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Inadequate books and records

- Lack of supporting documents:
 - for amounts reported on Form T3010; and
 - for the valuation of gifts in kind.



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What are books and records and how to maintain them adequately

- There are 3 categories of books and records :
 - **Organizational:** governing documents, bylaws, meeting minutes, reports, policies, etc.
 - **Financial:** copies of official donation receipts, ledgers, bank statements, financial statements, investment agreements, payroll records, etc.
 - **Source documents:** emails, agreements, contracts, invoices, etc.

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What are books and records and how to maintain them adequately (cont'd)

- A charity can keep electronic records (subject to certain conditions).
- A charity is responsible for keeping books and records, as well as maintaining, retaining, and safeguarding these records.
- Keep books and records at an address in Canada (that is on file with the CRA)
- Know the retention requirements

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Errors with respect to the use of resources

- Engaging in non-charitable activities or activities outside its approved purposes
- Lack of direction and control over activities outside Canada
- Gifting to non-qualified donees
- Conferring undue benefits on a member of the charity or a board member (director, trustee or like official)

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What you should know about the use of resources of a registered charity

- Resources can only be used in two ways:
 - for its own activities; or
 - for making gifts to qualified donees
- A charity must maintain direction and control over its resources at all times. Refer to:
 - [Guidance CG-002, Canadian registered charities carrying out activities outside Canada](#) and
 - [Guidance CG-004, Using an intermediary to carry out a charity's activities within Canada](#)

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What you should know about the use of resources of a registered charity (cont'd)

Qualified donees include:

- a registered charity (including a registered national arts service organization)
- a registered Canadian amateur athletic association
- a registered housing corporation resident in Canada constituted exclusively to provide low-cost housing for the aged
- a registered Canadian municipality
- a registered municipal or public body performing a function of government in Canada
- a registered university outside Canada that is prescribed to be a university, the student body of which ordinarily includes students from Canada
- a registered charitable organization outside Canada to which Her Majesty in right of Canada has made a gift
- Her Majesty in right of Canada, a province, or a territory
- the United Nations and its agencies

Her Majesty in right of Canada, a province, or a territory, and the United Nations and its agencies are qualified donees that do not have to be registered to be recognized as such.

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What you should know about the use of resources of a registered charity (cont'd)

- Resources cannot be used for the benefit of an individual who is not at arm's length with the organization.

A benefit can include:

- a reimbursement of personal expenses;
- free use of property, goods, or services owned by the organization/charity; or
- an allowance.

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Missing T4, T4A, or T4A-NR slips

- Slips were not issued to individuals receiving salaries, benefits, honorariums, and scholarships
- Registered charities that are employers have payroll obligations just like any other entity that is an employer.
- Get to know your obligations, visit canada.ca/taxes

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Questions?

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