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# THE 2009 ANNUAL CHURCH & CHARITY LAW™ SEMINAR

Toronto – November 10, 2009

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## Tips and Traps of the T3010B

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**Trips and Traps of the T3010B**  
Church and Charity Law Seminar  
Tuesday, November 10, 2009

Barbara Wallace  
Director of Legal Affairs  
Canadian Council of Christian Charities

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**T3010B**

- Mandatory
- Required by *Income Tax Act* to maintain charitable status
- Deadline is within six months of year end of charity
- Failure to file is the most common reason to have charitable status revoked

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**T3010B**

- Identifies charities engaged in higher risk activities
  - External fundraisers
  - Foreign activities
  - Receipt of >\$10,000 gifts from nonresident donors
- Shorter and easier to complete for
  - Charities not engaged in higher risk activities
  - Smaller charities not required to provide detailed financial information

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**T3010B**

- Main document is only four pages
- Answering “yes” to trigger questions in main document requires completion of up to six additional schedules

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**T3010B Schedules**

1. Foundations
2. Activities Outside Canada
3. Compensation
4. Confidential Data
5. Non-cash Gifts
6. Detailed Financial Information

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### Purposes of T3010B

1. Compliance tool for CRA
2. Accountability mechanism for the public
  - Most information reported on the T3010B is accessible by the general public through the CRA website:
  - [www.cra-arc.gc.ca/charities](http://www.cra-arc.gc.ca/charities)

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### Compliance Tool for CRA

- Has the charity complied with the *Income Tax Act* by spending resources properly:
  - Has the charity met the disbursement quota requirements?
  - Has the charity transferred money to non-qualified donees?

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### Public Can Review

- Names of directors or trustees
- Program information
- Compensation for ten highest paid employees
- Financial information
  - Income
  - Expenditures

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### Public Can Review

- Financial statements of the charity
  - upon written request to CRA
  - not posted on the CRA website

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### Public Cannot Review

- Physical address of the charity
- Storage location for books and records
- Name and address of individual who prepared T3010B
- Information about external fundraisers
- Information about donors not resident in Canada
- Directors/Trustees and Like Officials Worksheet
  - Home address and telephone number
  - Date of birth

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### T4033B

- T4033B, *Completing the Registered Charity Information Return*
- New guide for completing the T3010B
- Not included with the T3010B filing package
- Only available at:
  - [www.cra.gc.ca/E/pub/tg/t4033b/README.html](http://www.cra.gc.ca/E/pub/tg/t4033b/README.html)

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### Electronic Filing

- T3010B can be completed on line, but not efiled, so must:
  - Complete on line
  - Save
  - Print
  - Mail to CRA

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### Two-Dimensional Bar Codes



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### Two-Dimensional Bar Codes

- Mail copies of these printed two-dimensional bar codes to CRA with the completed T3010B
- CRA will use these bar codes to scan information from the T3010B into the CRA database
- Avoids CRA having to re-key all information

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### Bar Code Stickers

- Do not confuse these two-dimensional printed bar codes with the bar code stickers supplied by CRA to affix to the top of each page of the T3010B
- Bar code stickers must still be attached to each page

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### Electronic Filing

- Canadian Council of Christian Charities is a CRA authorized supplier of on line, fillable, savable T3010B
  - Step-by-step instructions
  - Included with membership
  - \$25 for non-members at:
    - [www.cccc.org/store](http://www.cccc.org/store)

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### Changes to Governing Documents

- T3010B does not request information about changes to governing documents
- If changes have been made, send revisions in a separate envelope to  
Charities Directorate  
Canada Revenue Agency  
Ottawa, ON K1A 0L5

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### Changes to Governing Documents

- Charities “operating” within Ontario
- Changes must also be forwarded to the Office of the Public Guardian and Trustee

OPGT, Charitable Property Program  
Suite 800 - 595 Bay Street  
Toronto, ON M5G 2M6  
416-326-1963  
1-800-366-0335

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### Changes to Report to OPGT

- Letters Patent, Declaration of Trust or Constitution
- Street and mailing address of the charity
- Names and street and mailing addresses of trustees, directors and officers
- All legal and popular or common names or acronyms of the charity
- Registration number assigned by CRA for charitable donation purposes

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### Directors/Trustees and Like Officials Worksheet (T1235)

- Must now include start and end dates of term for each director, trustee, or like official
- Must include middle initial
- Divided into Public Information and Confidential Data
  - Confidential data is for CRA use but may be shared “as permitted by law” with other government departments

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**Directors/Trustees and Like Officials Worksheet**

- Public information
  - Name
  - Dates of term
  - Position
  - Whether arm's length
- Confidential data
  - Home address
  - Telephone number
  - Birth date

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**Charities Incorporated in Ontario**

- Charities incorporated pursuant to the Ontario *Corporations Act* can complete Form RC232-WS rather than Form T1235
  - CRA will share this information with the Ontario government
  - Eliminates the need for the charity to file both provincially and federally
- All other charities continue to use T1235

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**Qualified Donees Worksheet**

- C3 Did the charity make gifts or transfer funds to qualified donees or other organizations?
- “Yes” triggers requirements to complete and attach Form T1236, *Qualified Donees Worksheet*

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### Qualified Donees Worksheet

- No longer required to list gifts from the largest to the smallest
- Must list amount by category:
  - Enduring property
  - Specified gifts
  - Gifts-in-kind
  - Total amount of gifts
- Lacks a box to record the value of cash gifts, but they must still be included in the total gifts

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### Foreign Activities

- C4 Did the charity carry on . . . any activity/program/project outside Canada?
- “Yes” triggers requirement to complete Schedule 2 Activities Outside Canada
- Must indicate
  - name of individual or organization
  - name of country
  - amounts transferred

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### “Confidential” Foreign Activities

- What if a charity has security concerns about disclosing the names of individuals or organizations and the location of programs outside Canada?

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**External Fundraisers**

- C7 Did the charity pay external fundraisers?
- “Yes” triggers requirement to complete Question 1 of Schedule 4, Confidential Data
  - Must list names and arm’s length status of external fundraisers
  - Non-arm’s length chart on back of Qualified Donees Worksheet

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**Employee Compensation**

- C9 Did the charity incur any expenses for compensation of employees?
- “Yes” triggers requirement to complete Schedule 3, Compensation
  - Ten highest compensated positions with salary bands increased to \$350,000 and over
  - Figures must include total compensation, including salary and benefits

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**Large Donations from Nonresidents**

- C10 Did the charity receive any donations . . . valued at \$10,000 or more from any donor not resident in Canada and who is not:
  - A Canadian citizen
  - Employed in Canada
  - Carrying on business in Canada
  - A person having disposed of taxable Canadian property
- “Yes” triggers requirement to complete Question 2 of Schedule 4, Confidential Data

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### Gifts-in-Kind

- C11 Did the charity receive any non-cash gifts (gifts-in-kind) for which it issued tax receipts?
- “Yes” triggers requirement to complete Schedule 5 Non-Cash Gifts
  - Must identify all types of non-cash gifts (i.e., artwork, wine, jewellery, building materials, vehicles, securities, comic books, medical equipment/supplies, etc.)
  - Must include total dollar value of tax receipted non-cash gifts

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### New Question C14

- Did the charity issue any . . . tax receipts for donations on behalf of another organization?
  - Not permitted by the *ITA*
  - Charity could have status revoked for this activity

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### Simplified Financial Information

- Complete Section D if **none** of the following apply
  - Revenue exceeds \$100,000
  - All assets not used in charitable activity exceed \$25,000
  - Charity currently has permission to accumulate
  - Charity has spent or transferred enduring property
- If any of the above apply, must complete Schedule 6 Detailed Financial Information

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**Detailed Financial Information**

- New or revised lines:
  - Assets and liabilities
    - Land and buildings in Canada – Line 4155
    - Other capital assets in Canada – Line 4160
    - Capital assets outside Canada – Line 4165
    - Accumulated amortization of capital assets – Line 4166

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**Detailed Financial Information**

- New or revised lines
  - Revenue
    - Total eligible amount of tax-receipted tuition fees – Line 5610
    - Total eligible amount of tax-receipted enduring property – Line 5640
    - Total revenue received from all sources outside Canada – Line 4575
    - Specify types of revenue included in amount reported in Line 4650 (other revenue) – Line 4655

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**Detailed Financial Information**

- New or revised lines:
  - Expenditures
    - Line 4890 – split into two new lines (formerly included donated and purchased items)
    - Fair market value of all donated goods – Line 4890
    - Total cost of all purchased supplies and assets – Line 4891
    - Specify types of expenditures in amount reported in 4920 (other expenditures) – Line 4930

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### Certification

- T3010B should be signed by a member of the board of directors or equivalent body governing the charity
- Must include telephone number of signatory
- Signature certifies accuracy of T3010B and all attachments

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### T3010B Checklist

- Identifies which parts of the T3010B must be completed for your charity
- Helpful to ensure complete package is sent in and no supporting documentation is missing
- Bottom half of fourth page

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### Must Include with T3010B

- TF725, *Registered Charity Basic Information Sheet*
- T1235, *Directors/Trustees and Like Officials Worksheet*
- T1236, *Qualified Donees Worksheet*
- Financial Statements
- Any triggered Schedules (1 through 6)

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### Do Not Include with T3010B

- Amendments to governing documents
  - Send separately to
    - CRA
    - OPGT, if “operating” in Ontario
- T1259, *Capital Gains and Disbursement Quota Worksheet*

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### Check Accuracy

- CRA will mail a copy of the *Registered Charity Information Return Summary* to your charity
- Compare this information to your copy of the T3010B
- Also check accuracy of information on CRA website
- Immediately call CRA if any inaccuracies:
  - 1-800-267-2384 (English)
  - 1-888-892-5667 (Bilingual)

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### Disclaimer

- This presentation is intended to provide general information only to CCCC members and other authorized users. No user should act on the basis of any material contained in this handout without obtaining proper legal or other professional advice. ⇨

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