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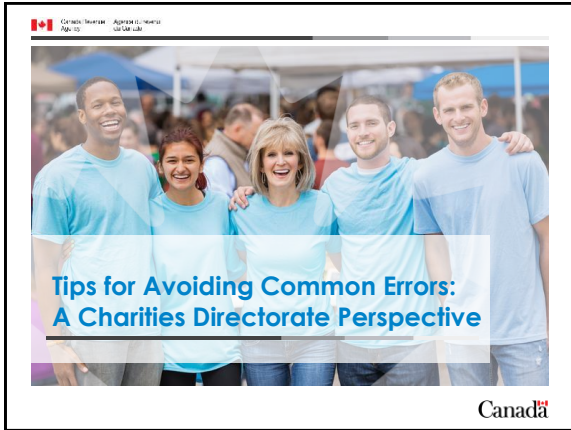
**TIPS FOR AVOIDING COMMON
ERRORS: A CHARITIES
DIRECTORATE PERSPECTIVE**

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Canada Revenue Agency (CRA)

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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

Receipts for cash gifts must have the following:	Receipts for non-cash gifts (gifts in kind) must also include:
<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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) <p>*The amount of a non-cash gift must be its fair market value at the time the gift was made.</p>

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

How to avoid filing an incomplete or incorrect return?

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

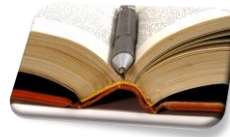
How to avoid filing an incomplete or incorrect return? (cont'd)

- 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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