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CAGP Foundation's 2024 Advanced
Canadian Gift Planning Summit

April 2, 2024

A Deep Dive Into the T3010: Why the T3010 Matters To Gift Planners

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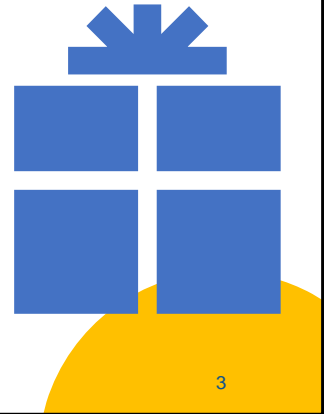
Overview

- T3010 provides information to the public/donors, i.e. it is largely a public document through CRA's charities database
 - T3010 ensures compliance with the ITA and CRA's policies, such as gifts to non-qualified donees ("QDs"), foreign activities, fundraising ratio, etc.
- Why the T3010 matters to gift planners?
 - How information required in the T3010 affects gift planning?
 - How gift planning affects the information to be reported in the T3010?
 - Provide an orientation of the T3010
 - Review select issues in the T3010 relevant to gift planners



T3010 is relevant to gift planners

- T3010 is not just a tax return for accountants to complete, but has real practical implications to gift planners as well
- T3010 is public information and easily accessible to the public – including donors and the media
- Transparency and accountability builds trust and loyalty
- T3010 requires reporting information on fundraising, receipted and unreceipted gifts, DAFs, restricted gifts
- Gift planners need to know what information is available to donors, and be prepared how to respond if donors have questions (e.g., direct the questions to the finance team)
- Gift planners need to know what finance and administration are reporting
- Information in T3010 may affect a donor's decision to make gifts
- Gift planners need to obtain information from donors so that it would be available for reporting in T3010



Orientation and Preliminary Issues

Complete information return

When to file T3010

Failure to file T3010

File the right T3010 form

Tips for completing and filing T3010

T3010 has 6 Sections

T3010 has 7 Schedules

Complete information return includes filing a number of forms

Form T3010 [Proper] - 6 sections

- Section A – Identification
- Section B – Directors/trustees and like officials
- Section C – Programs and general information
- Section D – Financial information
- Section E – Certification
- Section F – Confidential data
- Attach financial statements (including notes)

7 Schedules in T3010

- Schedule 1 - Foundations
- Schedule 2 - Activities outside Canada
- Schedule 3 - Compensation
- Schedule 4 - Confidential data
- Schedule 5 - Non-cash gifts
- Schedule 6 - Detailed financial information
- Schedule 8 - Disbursement quota

Additional Forms

- T1235, *Directors/Trustees and Like Officials Worksheet*
- T1236, *Qualified donees worksheet / Amounts provided to other organizations*
- T2081, *Excess Corporate Holdings Worksheet for Private Foundations*
- T1441, *Qualifying Disbursements: Grants to Non-Qualified Donees*

When to file T3010

- T3010 must be filed within 6 months after fiscal year end
- Effective date of filing
 - If filed online, effective date = when click “submit”
 - If filed by mail, effective date = postmarked date on the envelope if legible (otherwise effective date = CRA stamp date)
 - If hand-delivered, effective date = CRA stamp date



Failure to file T3010

- Failure to file T3010 on time, charitable registration could be revoked
 - CRA will send reminders to the charity for filing
 - CRA will send a T2051A notice by registered mail, then the charity will have 90 days from the date on the notice to file the T3010
 - Finally CRA will send T2051B, *Notice of Revocation of a Charity's Registration*, by registered mail, which states the effective date of revocation
- Failure to file is the most common cause for losing charitable status
- Once charitable status is lost:
 - Organization can no longer issue official donation receipts
 - Organization no longer exempt from income tax
 - Organization must give all remaining assets to an “eligible donee” or pay a revocation tax equal to the full value of your assets

- Can re-apply for registration
 - Need to submit new application, file all missing T3010s, and pay a \$500 late-filing penalty
 - Approval not guaranteed
 - Treated the same as if it is applying for the first time, must meet all *current* requirements, which may be different than when the charity was first registered

File the right T3010 form

- CRA updates the T3010 from time to time, important to file the right form
- **T3010 version 23** – for use for fiscal year ending on or before December 30, 2023 – what’s new: Requires charities to report on grants made to non-qualified donees, and to complete T1441
- **NEW T3010 version 24** – released on January 8, 2024 – for fiscal year ending on or after December 31, 2023 or later – what’s new:
 - More reporting on disbursement quota data and calculation (DQ)
 - Updated questions on grants to non-qualified donees (grantees)
 - Tracking and reporting on donor advised funds (DAFs)
 - Tracking and reporting on restricted funds held by foundations
 - Breakdown of cash or bank accounts and short-term investments.
 - Breakdown of land and buildings in Canada used for charitable programs or administration and those used for other purposes.
 - Report interest and investment income from impact investments
 - Report interest and investment income from persons not at arm’s length
 - Removed all references to “10 year gifts”

Tips for completing and filing T3010

- **T4033** Completing Form T3010 Registered Charity Information Return
<https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/t4033/t4033-completing-registered-charity-information-return.html>
- Use the right form
- Ensure information in the form is complete and accurate, with applicable attachments
- File on time
- Keep a copy of all forms filed for the charity’s records
- Keep proof of filing (e.g., confirmation of filing in MyBA, post office receipt, take a picture, courier waybill)
- Must attach financial statements to the T3010 (if income over \$250,000, CRA recommends financial statements be professionally audited; otherwise, the treasurer for the charity should sign them)
- If financial statements are not attached, T3010 says charitable registration may be revoked

T3010 has 6 Sections

- **Section A** – identification of charity - name, fiscal period being reported, RR number, web address, if it is subordinate to a head body, if it was wound up/dissolved/terminated, if it is a foundation (if so, then complete Schedule 1)

Section A: Identification

- To help you fill out this form, refer to Guide T4033, Completing the Registered Charity Information Return. It can be found at canada.ca/cra-forms.

Note: Even if a charity is inactive, an information return must be filed to maintain its registered status.

Complete the following:

- Charity name:
- Return for fiscal period ending:

Year	Month	Day
- BN/registration number:

R R

- Web address (if applicable):

A1 Was the charity in a subordinate position to a head body? 1510 Yes No
If yes, give the name and BN/registration number of the organization.

Name	BN (9 digits, 2 letters, 4 digits. Example: 123456789RR0001)
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A2 Has the charity wound-up, dissolved, or terminated operations? 1570 Yes No

A3 Is the charity designated as a public foundation or private foundation? 1600 Yes No
If yes, you must complete Schedule 1, Foundations. To confirm the charity's designation, go to canada.ca/charities-list and refer to the charity's detail page.

- **Section B** – complete T1235 - information on directors/trustees and like officials who were members of the charity's board of directors/trustees at any time during the fiscal period of the return

Section B: Directors/trustees and like officials

B1 All charities must complete Form T1235, Directors/Trustees and Like Officials Worksheet. Only the **public** information section of the worksheet is available to the public.

For charities subject to the Ontario Corporations Act.
 As of May 15, 2021, the Canada Revenue Agency no longer collects this information on behalf of the Ontario Ministry of Government and Consumer Services. For more information on filing an Ontario annual information return, visit ontario.ca/businessregistry.

Note: If you would like these individuals to have the authority to communicate with the CRA on behalf of your charity, their name must also appear as an owner for your Business Number (BN). For more information, go to canada.ca/charities-giving, select "Operating a registered charity," then "Making a change to your organization" and see "Change director."

Canada Revenue Agency / Agence du revenu du Canada **Directors/Trustees and Like Officials Worksheet** **Protected B** when completed

You **must** give us complete information for each director/trustee and like official who, at any time during the fiscal period of this return, was a member of the charity's board of directors/trustees. Directors/trustees and like officials are persons who govern a registered charity. See the reverse for information on filling out this form.

Total number of directors/trustees and like officials: Charity name: Business number:

R R

 Return for fiscal period ending (YYYY/MM/DD):

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Note: If you would like these individuals to have the authority to communicate with the CRA on behalf of your charity, their name must also appear as an owner for your Business Number (BN). For more information, go to canada.ca/charities-giving, select "Operating a registered charity," then "Making a change to your organization" and see "Change director."

Public information				Confidential data			
Last name:		First name:		Initial:		Residential address – Street number and name:	
Term ▶ Start date (Y/M/D):		End date (Y/M/D):		City:	Prov/Terr:	Postal code:	
Position:		At arm's length with other Directors? <input type="checkbox"/> Yes <input type="checkbox"/> No		Phone number		Date of birth (Y/M/D):	
Last name:		First name:		Initial:		Residential address – Street number and name:	
Term ▶ Start date (Y/M/D):		End date (Y/M/D):		City:	Prov/Terr:	Postal code:	
Position:		At arm's length with other Directors? <input type="checkbox"/> Yes <input type="checkbox"/> No		Phone number		Date of birth (Y/M/D):	

- **Section C** – programs and general information, 18 questions
 - Questions on programs, fundraising, gifts to QDs, grants to non-QDs, compensation of employees, foreign donors, DQ, DAF
 - Depending on the response, will have to complete Schedule 2, 3, 4, 5, 8, T1236 and/or T1441
- **Section D** – financial information
 - Complete more detailed Schedule 6 (instead of Section D) if any of the following applies:
 - The charity's gross revenue is more than \$100,000.
 - The amount of all property (for example, investments or rental properties) not used in charitable activities or administration was more than \$25,000
 - The charity had permission to accumulate property during this fiscal period
- **Section E** – Certification must be signed by a person who has authority to sign on behalf of the charity.
- **Section F** – Confidential data – (a) Address where the charity keeps its books and records, and (b) name and address of person who completed the return

T3010 has 7 Schedules

Schedules	When the schedule must be completed
Schedule 1, Foundations	<ul style="list-style-type: none"> • Must be completed by all foundations
Schedule 2, Activities outside Canada	<ul style="list-style-type: none"> • Must be completed if answered "yes" to question C4 Line 2100 - i.e., the charity carried on activities outside Canada directly or through intermediaries
Schedule 3, Compensation	<ul style="list-style-type: none"> • Must be completed if answered "yes" to question C9 Line 3400 – i.e., charity had expenses for compensation of employees during the fiscal period
Schedule 4, Confidential data	<ul style="list-style-type: none"> • Must be completed if answered "yes" to question C7 Line 2700 – i.e., charity paid third party fundraisers • Must be completed if answered "yes" to question C10 Line 3900, i.e., charity received donations or gifts of any kind valued at \$10,000 or more from a foreign or non-resident donor
Schedule 5, Non-cash gifts	<ul style="list-style-type: none"> • Must be completed if answered "yes" to question C11 Line 4000 – i.e., charity received non-cash gifts for which it issued official donation receipts, select yes.
Schedule 6, Detailed financial information	<ul style="list-style-type: none"> • Must be completed if any of the following applies to the charity, complete Schedule 6 instead of Section D: <ul style="list-style-type: none"> ✓ The charity's gross revenue is more than \$100,000. ✓ The amount of all property (for example, investments or rental properties) not used in charitable activities or administration was more than \$25,000. ✓ The charity had permission to accumulate property during this fiscal period.
Schedule 8, Disbursement quota	<ul style="list-style-type: none"> • Must be completed if answered "yes" to question C17 Line 5850 – i.e., the value of the charity's property not used directly in charitable activities or administration exceeds the thresholds (\$100,000 for charitable organizations or \$25,000 for foundations)

Select Issues

1. Some information is confidential
2. DAFs held by registered charities
3. Restricted funds held by foundations
4. Tracking disbursement quota
5. Qualifying disbursements
6. Foreign or non-resident donors
7. Fundraising activities
8. Categorization and allocation of expenses
9. Impact investing
10. Receipting for another organization

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#1 - Some Information is Confidential

- Most sections of the information return, and all of the financial statements filed with it, are available to the public at canada.ca/charities-list
- Confidential data is marked as such in the form:
 - Section F and Schedule 4 of Form T3010
 - Right-hand side of T1235, *Directors/Trustees and Like Officials Worksheet*
 - Part II, Section B, of T2081, *Excess Corporate Holdings Worksheet for Private Foundations*
- Section E: Certification of T3010 is not confidential - although not posted on CRA webpages, it is available to the public on request
- CRA is required or permitted by law to disclose certain records when requests are made under the authority of:
 - a court order, warrant, or subpoena issued for criminal proceedings started under a number of legislation and court proceedings
 - the *Auditor General Act*
 - warrants issued under the *Canadian Security Intelligence Service Act*
 - enquiries from the Department of Finance for information to form or evaluate fiscal policy

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#2 - DAFs Held by Charities – NEW in T3010 version 24

- **New question C18** – all charities to report donor advised funds (DAF) held during the fiscal period
- CRA defines DAF to mean “a fund segregated into donor accounts, owned and controlled by a registered charity. Each account is comprised of contributions made by individual donors. Donors may provide ongoing non-binding suggestions on payouts from DAFs, but it is the charity's sole responsibility to make such decisions”
- Must report on 4 values:
 - Line 5861 – Total number of DAF accounts held by the charity at the end of its fiscal period
 - Line 5862 – Total value of all DAF accounts held by the charity at the end of its fiscal period
 - Line 5863 – Value of all donations the charity received to its DAF accounts during the fiscal period
 - Line 5864 – Total value of gifts to qualified donees and grants to non-qualified donees made from DAF accounts during the fiscal period

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C18 Did the charity hold any donor advised funds (DAF) during the fiscal period?	5860	<input type="checkbox"/> Yes	<input type="checkbox"/> No
If yes , provide the following:			
(a) Total number of accounts held at the end of the fiscal period	5861	_____	
(b) Total value of all accounts held at the end of the fiscal period.....	5862	\$ _____	
(c) Total value of donations to DAF accounts received during the fiscal period	5863	\$ _____	
(d) Total value of qualifying disbursements from DAFs during the fiscal period.....	5864	\$ _____	

- Concerns
 - Meaning of DAF at law is broader than CRA's definition. DAF can involve advice from donors on various aspects of the DAF, but usually relates to the gifts to be made. This not just restricted to advice on “payouts from DAFs” as in CRA's definition
 - Does the charity understand what DAF means? Does the charity have the necessary info on DAF required by the T3010? Is the charity required to track a subset of DAFs held by the charity for T3010 reporting because of CRA's narrower definition?
 - Has the charity been tracking DAF in its records? Does the charity track DAF in separate “fund segregated into donor accounts” as required by CRA?

- The first batch of charities that need to answer questions are those with Dec. 31, 2023 year end, to be filed by June 30, 2024
 - T3010s are generally left to be completed very close to the filing deadline
 - Concern that they would be caught by surprise by the questions at the last minute and do not have the necessary information at the last minute
- **Takeaways** – Charities need to review their records well ahead of the filing deadline to make sure it has the necessary information for the T3010 reporting

See Jacqueline M. Demczur, presentation Donor Advised Funds for Healthcare Charities, Feb. 13, 2024 <https://www.carters.ca/pub/seminar/charity/2024/Handout-Donor-Advised-Funds-revised-after-JMD-2024-February-13.pdf>

#3 - Restricted Funds Held by Foundations – NEW in T3010 version 24

- CRA glossary defines “restricted fund” to mean “Restricted funds are funds tied to a specific use and not available for the general purposes of the organization (for example, a fund consisting of contributions that donors specifically direct the registered charity to use to buy a new building). Endowments are one type of restricted fund. Donors create them when they stipulate that the registered charity must maintain the principal amount and only use the income earned on it.”
- T4033 Guide explains that “restricted funds are generally those where a funder (including a donor, grantor, lender, or payer) limits how the funds can be spent. This means the funds are not available for the foundation to use at its sole discretion. For example, a foundation is given government funding to provide relief after a catastrophic earthquake, and can only spend the funds for that relief.”
- **Line 4170 in Schedule 6** – all charities must report the value of assets the charity has that do not fall under the other listed categories in lines 4100 to 4166
 - CRA indicates that this amount is to include works of art and other valuables not considered inventory, prepaid expenses, and restricted funds

- **New question 3 in Schedule 1** (to be completed by foundations) on all restricted fund held by foundations - Must report on 2 values

3 (a) What was the total value of all restricted funds held at the end of the fiscal period?..... 111 \$

(b) Of that amount, what amount was the foundation not permitted to spend due to a funder's written trust or direction? 112 \$

- **Line 111** – Total value of all restricted funds held at the end of fiscal period
- **Line 112** – How much of the amount in line 111 that the foundation is not legally permitted to spend due to a funder's written trust or direction
 - T4033 Guide explains “this means where a funder requires the foundation to preserve the capital (principal), and the foundation is only permitted to spend the income”
- Note that this reporting is required from foundations (in Schedule 1), but not charitable organizations
 - Many charitable organizations hold restricted funds
 - Does it mean that CRA is not concerned about charitable organizations holding restricted funds?

- **Concerns**
 - Meaning of restricted funds at law is broader than CRA's definition which is limited to “specific use” or “how the funds can be spent”
 - At law, restricted funds can involve different types of restrictions imposed by the donors or grantors, including restrictions on; time (the period of time it is to be held); use (a specific purpose for which it is to be used); or management (e.g., how to invest the fund, how to manage the fund)
 - Does the charity know what restricted funds are? Does the charity have the necessary info on restricted funds (including endowments) required by the T3010? Is the charity required to track a subset of restricted funds held by the charity for T3010 reporting because of CRA's narrower definition?
- The first batch of charities that need to answer questions are those with Dec. 31, 2023 year end, to be filed by June 30, 2024
 - T3010s are generally left to be completed very close to the filing deadline
 - Concern that they would be caught by surprise by the questions at the last minute and do not have the necessary information at the last minute
- **Takeaways** – Charities need to review their records well ahead of the filing deadline to make sure it has the necessary information for the T3010 reporting

Tracking Disbursement Quota – Additional Info required in T3010 version 24

- Disbursement Quota (“DQ”) is the minimum amount that a charity must spend on its charitable activities or qualifying disbursements (including gifts to qualified donees and grants to non-qualified donees)
- ITA amended Jan. 1, 2023 increased the DQ rate so that charitable organizations with average value exceeding \$100,000 or foundations with average value exceeding \$25,000, DQ is 3.5% for property up to \$1 million, and 5% for property over \$1 million
- Budget 2022 indicated that the CRA will “improve” the collection of information to better identify whether charities are meeting the DQ, as well as “information related to investments and donor-advised funds held by charities”,
- T3010 version 24 contains a new schedule 8 on tracking and reporting DQ calculations
- See Theresa Man, presentation Ins and Outs of the Increased Disbursement Quota, Feb. 13, 2024 <https://www.carters.ca/pub/seminar/charity/2024/Carters-Fasken-Healthcare-Philanthropy-Webinar-2024-%20February-13%20tlm.pdf>

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- All charities must do basic calculation of the asset base that forms the calculation of the DQ

Property not used in charitable activities:

Enter the average value of property not used for charitable activities or administration during:

• The 24 months before the beginning of the fiscal period	5900	\$
• The 24 months before the end of the fiscal period	5910	\$

- **Line 5900** - average value of property not used directly in charitable activities or administration during the 24 months before the beginning of the fiscal period - This is used to calculate the DQ obligation for the current fiscal
- **Line 5910** – average value of property not used directly in charitable activities or administration during the 24 months before the end of the fiscal period - This is used to calculate the DQ obligation for the next fiscal

2022 fiscal	2023 fiscal	T3010 for 2024 fiscal
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Line 5900 in T3010 for 2024 – FMV for this 24 month period - To calculate DQ for 2024 fiscal

Line 5910 in T3010 for 2024 – FMV for this 24 month period - To estimate DQ for 2025 fiscal

- **New Question 17 in Section C, and Schedule 8** to track DQ
- **Question 17 (and line 5850)** – asks if the charity has average value of property not used directly in its charitable activities or administration exceeding \$100,000 if the charity is a charitable organization, or exceeding \$25,000 if the charity a public or private foundation
- If so, then their DQ rate is not nil and it has to complete Schedule 8

C17 In the 24 months before the beginning of the fiscal period, did the average value of your charity's property (cash, investments, capital property or other assets) not used directly in its charitable activities or administration:

(a) exceed \$100,000, if the charity is designated as a charitable organization; or

(b) exceed \$25,000, if the charity is designated as a public or private foundation? **5850** Yes No

If **yes**, you **must** complete Schedule 8 – Disbursement quota

- **Schedule 8** has 2 Steps
 - Step 1 calculates the DQ obligation for the fiscal year the charity is reporting, and whether the DQ is met, or if there is excess or shortfall
 - Step 2 calculates the estimated DQ obligation for the next fiscal year in order that the charity can plan ahead

Disbursement quota	Schedule 8
Important: If you complete this section, you must answer yes to question C17.	
For more information, go to Canada.ca/charities-disbursement-quota .	
Step 1. Calculating the disbursement quota requirement for the current fiscal period	
Average value of property not used in charitable activities or administration (line 5900 from your return) 805 \$	
If permission to accumulate property has been granted, enter the total amount accumulated less all disbursements made for the specified purpose (add all amounts from lines 5500 minus all amounts at lines 5510 from all returns to date covered by the permission to accumulate property period) 910 \$	
Line 805 minus line 810 (if negative, enter 0) 815 \$	
<p>If line 815 is \$1,000,000 or less</p> <p>Multiply line 815 by 3.5% 820 \$</p>	<p>If line 815 is over \$1,000,000</p> <p>Line 815 minus \$1,000,000 825 \$</p> <p>Line 825 multiplied by 5% 830 \$</p> <p>Line 830 plus \$35,000 835 \$</p>
Enter the amount from line 820 or line 835. This is your charity's disbursement quota requirement for the current fiscal period 820 \$	
Total expenditures on charitable activities (line 5000 of your return) 85 \$	
Total amount of grants made to non-qualified donees (line 5045 of your return) 850 \$	
Total amount of gifts made to qualified donees (line 5050 of your return) 85 \$	
Add lines 845 to line 855 860 \$	
Line 860 minus line 840. This is your charity's disbursement quota excess or shortfall for the current fiscal period 865 \$	
If a shortfall exists (line 865 is negative), your charity can draw on disbursement excesses from the five previous fiscal periods to help it meet its shortfall. If no excesses are available to draw on, your charity can try to spend enough the following year to create an excess that it can carry back to cover the shortfall.	
Step 2. Estimating the disbursement quota requirement for the next fiscal period	
Average value of property not used in charitable activities or administration prior to the next fiscal period (line 5910 from your return) 870 \$	
<p>If line 870 is \$1,000,000 or less</p> <p>Multiply line 870 by 3.5% 875 \$</p>	<p>If line 870 is over \$1,000,000</p> <p>Line 870 minus \$1,000,000 880 \$</p> <p>Line 880 multiplied by 5% 885 \$</p> <p>Line 885 plus \$35,000 890 \$</p>
The amount shown at line 875 or line 890 is your charity's estimated disbursement quota requirement for the next fiscal period.	

- **Line 5750** - amount for which the charity has received CRA's written approval to reduce its DQ for the fiscal period
 - Use Form T2094 - *Registered Charities: Application to Reduce Disbursement Quota* to apply for a DQ reduction
 - If CRA grants DQ reduction, the charity must amend the T3010 return for the fiscal period in which the shortfall occurred to include the approved amount on line 5750 – Use Form T1240, *Registered Charity Adjustment Request*

Permission to reduce disbursement quota:

If the charity has received approval to make a reduction to its disbursement quota, enter the amount for the fiscal period **5750** \$ _____

Qualifying Disbursements – updated reporting requirements in version 24

- ITA was amended on June 23, 2022 (Bill C-19) to allow charities to make qualifying disbursements =
 - Making gifts and “otherwise making resources available” to qualified donees (QDs)
 - Making grants and “otherwise making resources available” to non-QDs (grantees)
- CRA Guidance CG-032 Registered charities making grants to non-qualified donees <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/charities-making-grants-non-qualified-donees.html>
- Reporting requirements are in the T3010 version 23
- T3010 version 24 and T1441 contains some minor updates
- Use Form T1441 to report grants made to a grantee that total more than \$5,000 during the fiscal period
- Use Form T3010 to report grants totalling \$5,000 or less during the fiscal period

- **Section C, C2** – charity must describe ongoing and new programs that began in the fiscal period, including (1) its own activities carried on through its employees, volunteers, and intermediaries, and (2) qualifying disbursements to both QDs and non-QDs
- **Section C, C3 Line 2000** – report gifts to QDs
- **Section C, C4 Line 2100** – activities outside Canada, but not qualifying disbursements
- **Schedule 6 - Line 5045** - report total amount of grants to non-QDs

- **Section C, C16** – lines 5840, 5841, 5842, 5843

C16 Did the charity make qualifying disbursements by way of grants to non-qualified donees (grantees) in the fiscal period?	5840 <input type="checkbox"/> Yes <input type="checkbox"/> No
If yes , you must complete lines 5841, 5842 and 5843.	
Did the charity make grants to any grantees totalling more than \$5,000 in the fiscal period?	5841 <input type="checkbox"/> Yes <input type="checkbox"/> No
If yes , you must complete Form T1441, Qualifying Disbursements: Grants to Non-Qualified Donees (Grantees).	
Enter the number of grantees that received grants totalling \$5,000 or less in the fiscal period.....	5842 _____
Enter the total amount paid to grantees that received grants totalling \$5,000 or less in the fiscal period	5843 \$ _____

- **Line 5840** – whether the charity made a grant to non-QD (grantee) in the fiscal period – if yes, then complete lines 5841, 5842, and 5843
- **Line 5841** – whether the charity made grants to non-QDs (grantees) totalling more than \$5,000 – if yes, then complete T1441
- **Line 5842** – number of non-QDs (grantees) that received total \$5,000 or less in grants during the fiscal period
- **Line 5843** – total amount of all grants to non-QDs (grantees) that received a total of \$5,000 or less during the fiscal period

- **T1441**

- report number of grantees that received grants totalling more than \$5,000 during the fiscal period
- Complete information for each grant - name of grantee, purpose of grant, amount of cash disbursements, amount of non-cash disbursements, country and country code of where grant activities carried out, (unless permission is obtained due to safety concerns)

Total number of grantees to which the charity made grants totalling more than \$5,000 in the fiscal period:

Name of grantee			
Purpose of the grant			
Amount of non-cash disbursements	\$	Amount of cash disbursements	\$
If outside Canada, each country code and country where the activities were carried on			
Name of grantee			
Purpose of the grant			
Amount of non-cash disbursements	\$	Amount of cash disbursements	\$
If outside Canada, each country code and country where the activities were carried on			

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Foreign or Non-Resident Donors

- If a charity receives more than \$10,000 gifts from foreign donors, needs to obtain information from the donors for reporting in T3010 regardless of whether donation receipts were issued
- **Takeaways** – gather donors information required by T3010
- Other issues regarding these gifts that may need to be considered
 - Issuing donation tax receipts - Donation tax receipts issued by Canadian charities to foreign donors may not be useful to them for income tax purposes - Need to review application of tax relief tax treaties to cross border gifts and other applicable rules
 - Donors' restrictions - If donors impose terms of the gift, need to ensure restrictions imposed by donors are complied with
 - Crowdfunding - Interesting issues re foreign donors who donated through crowdfunding
 - "Know your donors" - Charities need to know who their donors are and who donated funds to the charity to ensure the charity is not being used for money laundering, terrorism, or other illegal activities

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Question C10 line 3900 – yes or no (if yes, then go to Schedule 4, Table 2)

- Whether the charity received donations or gifts of any kind valued at \$10,000 or more from a donor, individual or otherwise, that was not resident in Canada and was not any of the following:
 - a Canadian citizen, employed in Canada
 - a person carrying on business in Canada
 - a person that disposed of taxable Canadian property

C10 Did the charity receive any donations or gifts of any kind valued at \$10,000 or more from any donor that was **not** resident in Canada and was **not** any of the following: **3900** Yes No

- a Canadian citizen, nor
- employed in Canada, nor
- carrying on a business in Canada, nor
- a person having disposed of taxable Canadian property?

Important: If **yes**, you **must** complete Schedule 4, Confidential data, Table 2, for each donation of \$10,000 or more.

Schedule 4, Table 2

- For each foreign donor reported in line 3900, needs to report
 - Name of donor; amount of the gifts received in the year; whether the donor is an individual, organization, or government body
- Information reported is not public information, but CRA may share it as permitted by law

2. Information about donors not resident in Canada

Complete this schedule to report any gift of any kind valued at \$10,000 or more received from any donor that was **not** resident in Canada and was **not** any of the following:

- a Canadian citizen, nor
- employed in Canada, nor
- carrying on business in Canada, nor
- a person having disposed of taxable Canadian property.

Enter the name of each donor and the value of the gift in the table below. Select whether the donor was an organization (for example a business, corporate entity, charity, non-profit organization), a government or an individual.

Name (confidential)	Type of donor (confidential)			Value (CAN \$)
	Organization	Government	Individual	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Fundraising Activities

- T3010 requires a lot of information about fundraising, including:
 - Fundraising methods
 - Third party fundraisers engaged and how they are paid
 - Fundraising revenue and expenses – affect the calculation of fundraising ratio (although the ratio does not need to be calculated in the T3010)
- **Takeaways**
 - Gather all information required for T3010 reporting
 - Does the person completing the T3010 know how to check all the correct boxes and describe fundraising methods used and other details?
 - Ensure compliance with CRA Guidance *CG-013 Fundraising by registered charities*

<https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/fundraising-registered-charities-guidance.html>
 - Ensure proper categorization of activities – whether an activity is fundraising activity, charitable activity, related business

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- **Section C, C6 – Lines 2500 to 2660** – report all applicable fundraising methods used by the charity during the fiscal period – there are boxes to check, and then describe other methods not in the boxes
- **Takeaways** – Does the person completing the T3010 know how to check all the correct boxes and describe other fundraising methods used?

C6 If the charity carried on fundraising activities or engaged third parties to carry on fundraising activities on its behalf, select all fundraising methods that it used during the fiscal period:

<input type="checkbox"/> 2500 Advertisements/print/radio/TV commercials	<input type="checkbox"/> 2570 Sales	<input type="checkbox"/> 2620 Telephone/TV solicitations
<input type="checkbox"/> 2510 Auctions	<input type="checkbox"/> 2575 Internet	<input type="checkbox"/> 2630 Tournament/sporting events
<input type="checkbox"/> 2530 Collection plate/boxes	<input type="checkbox"/> 2580 Mail campaigns	<input type="checkbox"/> 2640 Cause-related marketing
<input type="checkbox"/> 2540 Door-to-door solicitation	<input type="checkbox"/> 2590 Planned-giving programs	<input type="checkbox"/> 2650 Other
<input type="checkbox"/> 2550 Draws/lotteries	<input type="checkbox"/> 2600 Targeted corporate donations/sponsorships	<input type="checkbox"/> 2660 Specify:
<input type="checkbox"/> 2560 Fundraising dinners/galas/concerts	<input type="checkbox"/> 2610 Targeted contacts	

- **C7 – Line 2700** – Whether the charity paid external fundraisers during the fiscal period – if yes, answer questions (a) to (d), and complete Schedule 4, Table 1
 - **C7(a) – Line 5450** – Gross revenue fundraiser(s) collected for the charity
 - **C7(b) – Line 5460** – Amount paid directly to third party fundraisers, plus any amounts the fundraisers kept before giving the balance of funds to charity
 - **C7(c) – Lines 2730 to 2790** – How the charity paid the fundraisers
 - **C7(d) – Line 2800** – Whether the fundraisers issued official donation receipts for the charity

C7 Did the charity pay external fundraisers? **2700** Yes No

If yes, you must complete the following lines, and complete Schedule 4, Confidential data, Table 1.

(a) Enter the gross revenue collected by the fundraisers on behalf of the charity. **5450** \$

(b) Enter the amounts paid to and/or retained by the fundraisers. **5460** \$

(c) Select the method of payment to the fundraiser:

2730 Commissions **2750** Finder's fee **2770** Honoraria

2740 Bonuses **2760** Set fee for services **2780** Other

2790 Specify: _____

(d) Did the fundraiser issue tax receipts on behalf of the charity? **2800** Yes No

- **Schedule 4, Table 1** - Enter in the table the name and arm's length status of each external (third party) fundraiser

1. Information about external fundraisers
Enter the name(s) and arm's length status of each external fundraiser.

Name (confidential)	At arm's length? Yes/No (confidential)

- One of the factors CRA uses in the fundraising Guidance is “fundraising ratio”
 - **Line 5020** - Total fundraising expenses
 - **Line 4500** - Total eligible revenue for which the charity issued tax receipts, whether or not it relates to fundraising activity
 - **Line 4630** - Total gross non-tax receipted revenue which was generated as direct result of fundraising
 - Then total of lines 4500 and 4630 divided by line 5020 (total expenditure on fundraising = fundraising ratio
- If the fundraising ratio is above 35%, it could become cause for an audit by the CRA, and/or scrutiny by the general public
- If ratio is over 35%, see if any portion of line 4530 (non-receipted gifts) related to revenue from fundraising can be moved to line 4630 to lower the fundraising ratio
- If ratio is over 35%, then see if sponsorship revenue can be included on line 4630 in order to lower the fundraising ratio
- Be aware of the public nature of these amounts because anyone can calculate your charity’s fundraising ratio using the T3010, resulting in possible negative public commentary

Categorization and Allocation of Expenses

- T3010 requires the charity to report all expenses on lines 4800 to 4950, and then categorize them into the following categories
 - Charitable activities (line 5000)
 - Management and administration (line 5010)
 - Fundraising (line 5020)
 - Others (line 5040)
 - Grants to non-QDs (grantees) (line 5045)
 - Gifts to QDs (line 5050)
- Lines 5000, 5045 and 5050 should constitute the majority of the expenses
- Where an expense is partly one type of expense and partly another type of expense, it would need to be allocated accordingly

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- Correct categorization and allocation is important
 - Ensures compliance with CRA's requirements on amount of resources a charity may spend on a certain type of activity
 - Ensures T3010 is completed accurately – may be part of the basis for a charity to be selected for CRA audit
 - Ensures accurate information to the public
 - Affects calculation of fundraising ratio
 - Affects categorization of activities
- **Takeaways** – understand how the T3010 is completed by the finance team and the basis for categorization and allocation

Impact Investing – NEW in T3010 version 24

- New T3010 version 24 requires reporting of impact investments made
- CRA explains “impact investments are investments in companies or projects with the **intention** of having a measurable positive environmental or social impact and generating a positive financial return”
- **Schedule 6, Line 4190** – Value of all impact investments including those reported in any other line.
- **Schedule 6, Line 4576** – Amount from line 4580 that represents the total interest and other income the charity received or earned from impact investments.

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- However, CRA's definition of “impact investment” is different from the definition of the synonymous term, “social investment”, under the Ontario *Charities Accounting Act* (“CAA”)
 - Ontario Office of the Public Guardian and Trustee (“PGT”) in its *Charities and Social Investments Guidance* (the “PGT Guidance”) explains that “social investment means using a charity’s funds to directly further its purposes and achieve a financial return. Social investments fall on a continuum ranging between charitable expenditures at one end and purely conventional investments at the other.”
 - The CAA does not require that a “positive financial return” be gained because “‘financial return’ is not required to be at market rates and depending on the terms of the investment, may not require a re-payment of the investment capital” (*i.e.* it would be acceptable even if a partial loss of capital occurs, so long as the investment was directly in furthering the charitable purposes of the charity)
- Due to the differences in how the CRA and PGT define “impact investment” and “social investment”, it is important that charities do the necessary due diligence to ensure compliance with both
- Not clear if “impact investments” are PRIs under CRA’s CED policy

Receipting for Another Organization

- **Section C, C14 (Line 5820)** - “Did the charity issue any of its tax receipts for donations on behalf of another organization?”
- BUT charities are not permitted to issue receipts on behalf of another and cannot allow another organization to use its registration number
- **Takeaways**
 - Never allow the charity to become a conduit for another organization
 - If a charity must answer “yes” to this question, it should seek legal advice to consider strategy

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Conclusion

T3010 is a complicated form – not just a tax form, there are legal implications on how the questions are designed and how the answers evidence compliance with the ITA and CRA's policies

T3010 is public information and easily accessible to the public – including donors and the media – may affect a donor's decision to make gifts

Important for gift planners to have a basic understanding of the T3010

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