



Registered Charities Newsletter

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From the Director General

Getting registered and staying registered: What we're doing to help

Recently, the Charities Directorate has been making improvements to forms and guides and designing new tools and resources to help applicant organizations through the application process, and to help currently registered charities meet their obligations.

In December 2008, we released a revised Form T2050, *Application to Register a Charity Under the Income Tax Act*, and companion Guide T4063, *Registering a Charity for Income Tax Purposes*. When making the revisions, careful consideration was given to the needs of applicants. For example, the guide now contains new information about applying for registration, such as “Is registration as a charity right for your organization?” and “What is the review process for an application?” These improvements should help organizations determine if registration under the *Income Tax Act* is the best path to achieving their goals.

Much effort has also been put into enhancing the Charities and Giving Web pages. In 2008, we added a section called “Operating a registered charity.” This year, the “Applying for registration” section of the Web site has been greatly improved and now includes new pages on topics such as the advantages and obligations that come with charitable registration, governing documents, and charitable activities.

In February of 2009, we released a revised Form T3010B, *Registered Charity Information Return*, and companion Guide T4033B, *Completing the Registered Charity Information Return*. The revisions were made with the needs of smaller charities in mind. We anticipate that the new Form T3010B will reduce the filing burden for smaller charities, making it easier for them to maintain their registered status.

In an effort to reach a greater number of small and rural charities, the 2009 Charities Information Sessions will be offered in more small and rural locations across Canada than ever before. The 2009 sessions will focus on the new Form T3010B, fundraising, and gifting and receipting.

In this edition of the Newsletter, we offer advice for organizations applying for registration and give an overview of our enhanced forms, guides, and Web pages. The goal is to help organizations better understand what's involved in becoming a registered charity as well as what's involved in maintaining registration.



Canada Revenue
Agency

Agence du revenu
du Canada

Canada

Spread the word

If you know of an organization that is considering registration as a charity, please pass this edition of the Newsletter along to them. Applicant organizations may not be aware of the wealth of information available.

We encourage you to regularly share our Newsletter with registered charities and other organizations that could benefit from the information it contains. Our goal is to reach as many interested organizations as possible, and your help in this regard is greatly appreciated.

Education

How to improve your application and avoid unnecessary delays

Delays in processing applications occur for a variety of reasons, most commonly because of missing information. The Charities Directorate provides as much assistance to applicants as possible. However, applications that do not contain complete information will be returned to the applicants with a letter explaining that a determination regarding registration cannot be made based on the information submitted. The following are tips for improving your application to ensure that it can be processed and resolved in a timely manner.

Before applying for charitable registration

The Charities Directorate has developed resources and programs, including the **Charities and Giving** web pages, and a bilingual toll-free **Client Services** line, to provide organizations with the information they need to know before choosing to apply for registration.

You should visit the Charities and Giving Web pages before completing an application. You should also refer to **Guide T4063, Registering a Charity for Income Tax Purposes**, to determine whether registration as a charity is right for your organization. Guide T4063 lists a number of points to consider before completing an application, including the advantages and obligations of charitable registration.

The following chart gives a quick overview of some of the advantages and obligations associated with being a registered charity.

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The primary advantages of being a registered charity are: | Once an organization is registered as a charity, it must: |
| <ul style="list-style-type: none"> • It can issue official donation receipts for gifts it receives. Donation receipts reduce an individual donor's income tax payable and reduce a corporate donor's taxable income; • It is exempt from paying income tax under Part I of the <i>Income Tax Act</i>; • It is eligible to receive gifts from other registered charities, such as foundations; and • It has increased credibility in the community, as registered charities must follow rules and guidelines. | <ul style="list-style-type: none"> • devote all of its resources to charitable objects (purposes) and activities; • file its annual Form T3010, <i>Registered Charity Information Return</i>, within six months of its fiscal period end; • maintain adequate books and records and make them available for audit upon request; • continue to meet all other requirements of the <i>Income Tax Act</i>, including regulations on issuing official donation receipts; and • keep the Charities Directorate updated on changes to the charity, e.g., changes to its address, its directors, its legal or operating name, its objects (purposes), its activities, or its structure. |

Also, you should research and review the online **charities listings** to see whether there are already registered charities in your region engaged in the same types of activities that you are considering. Contributing to an existing charity instead of registering a new one could help to avoid duplication of work.

Through the charities listings, you can also review individual charities' registered charity information returns. Reviewing other charities' returns helps you better understand how they operate and carry out activities, which, in turn, could help you improve your own application.

The application process

Applications must be submitted using the prescribed **Form T2050, Application to Register a Charity Under the Income Tax Act**. We process applications on a “first-in/first-out” basis. When we receive an application, we issue an acknowledgement letter indicating your expected wait time.

An application must include detailed information and documents that clearly explain your organization's charitable objects/purposes and demonstrate how your organization will achieve these objects through its charitable activities. When you send us an application with enough detail for us to make a decision, we can give you a timely response.

Be aware that we will not approve your organization's application if any of the following applies:

- (a) the application and/or information contained within is not complete;
- (b) the information submitted does not show that your organization is a charity at law; or
- (c) your organization does not qualify as a charity at law for any other reason.

Depending on which of the above situations applies to your organization, we will do one of two things.

- (1) We will advise you of our concerns in a letter, and you will have 60 days (previously 90 days) to respond in writing. You must provide a detailed response to each of the concerns outlined in our letter. If you do not send a written response within the 60-day period, or if your response does not clearly show that your organization qualifies for charitable registration, we will send a notice of refusal to register by registered mail.

Should your organization have trouble responding within the 60-day period because it has not yet decided what it will do or how it will do it, your organization can choose to withdraw its application and re-apply with all of the necessary information at a later date.

- (2) If it is clear that your organization does not qualify for charitable registration, we will send a notice of our refusal to register by registered mail.

Note: The Charities Directorate has changed the period it allows an organization to respond from 90 to 60 days in an effort to streamline our review process and to provide each organization with a decision as quickly as possible.

What we are doing to facilitate the process

The Charities Directorate has developed and posted comprehensive information for applicants on the Charities and Giving Web pages to assist them in preparing their applications. Some recent improvements include:

- revising **Form T2050, Application to Register a Charity Under the Income Tax Act**, in accordance with certain legislative amendments and to make it easier to use, and its companion **Guide T4063, Registering a Charity for Income Tax Purposes**, to put need-to-know information about the application process front and centre;
- offering a list of charitable **model objects** (purposes) that are acceptable for registration as a charity; and
- offering new and enhanced Web pages about **applying for registration**.

What can be done to improve an application?

Complete, straightforward applications can be processed more efficiently. The following tips will help you prepare a complete application that can be processed in a timely manner:

- **Limit the scope of your objects (purposes)** to what you are actually doing. A complete, detailed and specific description of activities for each object (purpose) will help to accelerate the processing time.
- **Draft governing documents** can be submitted as part of a complete application, for **one-time** consideration. Be aware that, following our initial consideration, you must include complete copies of certified governing documents.
- **If your organization is carrying out activities outside of Canada**, familiarize yourself with **Guide RC4106, Registered Charities: Operating Outside Canada**. Details and/or a copy of agreement(s) with any intermediaries who are directed to carry out your organization's activities outside Canada on your behalf will be required in order for us to make a determination on your registration. If your organization intends to operate in another country, make sure that you can demonstrate that you have the capacity to carry out your planned activities.
- **Contact Client Services and visit the Charities and Giving Web pages**. Our bilingual toll-free telephone service is available weekdays (except for holidays) from 8 a.m. to 8 p.m. Eastern Time at **1-800-267-2384**. We provide information to potential applicants on the process of applying for registration, and we answer questions from the public and registered charities.
- **Keep us apprised of any changes to your contact information**, including current mailing address, as well as the name(s) of authorized representative(s) and their telephone numbers.

Checklist for New Applicants

Ask yourself, does your organization's application include the following:

- a thoroughly completed **Form T2050, Application to Register a Charity Under the *Income Tax Act***;
- a complete copy of your governing documents;
- a constitution or trust (if applicable) with all the required elements (for more information, see page 10, “What are the minimum requirements of a governing document?” of **Guide T4063, Registering a Charity for Income Tax Purposes**);
- a thorough statement of activities supporting your purposes (at Part 3 of Form T2050) – do not simply repeat your objects or purposes;
- complete financial information (at Part 4 of Form T2050), including a copy of the financial statements for your organization's most recent complete fiscal period (or an estimate of revenues and expenditures if your organization is not yet operational);
- if applying for re-registration, a certificate of status for incorporated organizations, and any missing *Registered Charity Information Returns*, applicable Worksheets, and financial statements for the four fiscal periods preceding the application for re-registration;

- If you are established under a *Religious Societies Land Act*, a Declaration of Incorporation containing all the elements of a Constitution, or a separate Constitution;
- if you are incorporated under the following Acts, you must have restrictions under the following articles:
 - Article 6 or 7 of Saskatchewan's *Non-profit Corporations Act*;
 - Article 5 of Manitoba's *Corporations Act*; and
 - Article 6 of Newfoundland and Labrador's *Corporations Act*.

Some provinces have different requirements concerning factors such as bylaws and whether or not incorporation documents need to be "stamped." You can find additional information on our Web pages under **Provincial and territorial government contacts**.

We further advise that since only non-profit organizations can qualify for registration as charities, incorporation under certain Acts designed for businesses that intend to earn profits is generally inappropriate. A few examples are:

- British Columbia's *Companies Act*;
- Alberta's *Business Corporations Act*;
- Ontario's *Business Corporations Act*; and
- Canada's *Business Corporations Act*.

Many applications for charitable registration are returned, delayed, or ultimately denied because they simply do not contain enough information. By following some of the advice and tips set out above, and by making use of the *Checklist for New Applicants*, you can avoid some of the omissions that lead to frustration and delays during the application process. Be sure to refer to the applying for registration Web pages, and remember, our client service officers are available to help. If you have any questions about the application process and what you need to do to submit a complete and thorough application, call us at **1-800-267-2384**.

What's new

New Form T2050 (08), Application to Register a Charity Under the Income Tax Act

December 2008 marked the release of the new Form **T2050 (08), Application to Register a Charity Under the Income Tax Act**. Form T2050 has been revised in accordance with certain legislative amendments and to improve its general ease of use. **Guide T4063, Registering a Charity for Income Tax Purposes**, has also been revised to facilitate the application process by putting crucial information front and centre.

New Form T2050 (08) must be used for all applications submitted on or after September 1, 2009. Organizations that do not use Form T2050 (08) when submitting applications on or after September 1, 2009, will have their applications rejected and returned to them.

A completed Form T2050 (08) describes the organization and includes the organization's governing documents identifying its objects, a detailed description of its activities, financial information, and the dates of birth of all its directors/trustees. The date of birth information is used to ensure that we are dealing with the correct individuals who are responsible for the management of the organization. This information is kept confidential. Under no circumstances is it released to the public. Applications submitted on or after September 1, 2009 that do not include all of the information required will be rejected.

When an application is rejected, all documents submitted are returned to the organization. When an organization wishes to continue the registration process, **all** documents must be returned to the CRA when the organization resubmits its application. The CRA does not keep a copy of any of the documentation it returns to the organization when an application has been rejected because it was incomplete.

New Form T3010B (09), *Registered Charity Information Return*

The Canada Revenue Agency has introduced a new information return for charities. To make it easier to use, the new Form T3010B (09), *Registered Charity Information Return*, is divided into a simple core form and individual topic-related schedules. Some charities will only have to complete the core form, while others will also have to fill out some or all of the schedules.

We anticipate the re-designed Form T3010B (09) will reduce the filing burden for smaller charities. It will also provide the public with more meaningful information about registered charities to allow them to make better informed donor decisions. Smaller charities will have less paperwork to complete, while other charities may have to provide more information than on previous returns.

The new T3010B (09) package, which includes Form T3010B (09), *Registered Charity Information Return*, Form T1235 (09), *Directors/Trustees and Like Officials Worksheet*, and Form T1236 (09), *Qualified Donees Worksheet / Amounts Provided to Other Organizations*, is to be used when filing annual information returns for **fiscal periods ending on or after January 1, 2009, only**.

For fiscal periods ending on or before **December 31, 2008**, registered charities must continue to use Form T3010A (05), *Registered Charity Information Return*, T1235 (05), *Directors/Trustees Worksheet*, and T1236 (05), *Qualified Donees Worksheet*.

The new version of the return will be mailed out to all registered charities. Returns filed on the wrong form will be returned with requests to file them on the right form. Registered charities that do not subsequently re-file on the correct form within six months of the end of their fiscal periods may be revoked.

All CRA forms and publications are available on the CRA Web site at www.cra.gc.ca/tx/chrts/formspubs/menu-eng.html, or by calling **1-800-267-2384**.

Questions and answers about the new Form T3010B (09):

Why have we changed Form T3010, *Registered Charity Information Return*?

Over the past few years, the Charities Directorate received many requests from charities to simplify the return. There was an overall sense that the filing burden on smaller organizations was excessive given their volunteer base and resources available for administrative activities. The return was changed to eliminate detailed financial information for many smaller charities and to provide additional information to the CRA and to the public on larger charities.

When do charities have to start using the new Form T3010B?

Charities have to start using Form T3010B for fiscal periods ending on or after January 1, 2009.

Were charities involved in developing the changes to Form T3010?

Yes. We received many recommendations as a result of focus testing and as a result of the Small and Rural Charities Initiative. We also received recommendations from other individuals and groups. We have listened and responded to these recommendations by making Form T3010B easier to understand and complete.

When will I receive the new Form T3010B package?

The Form T3010B package will be mailed following the end of the charity's first fiscal period ending on or after January 1, 2009 (e.g., if the charity's fiscal period ends on June 30, 2009, the package will be mailed by mid-July 2009).

What will be included in the Form T3010B package?

For most charities, the return package will consist of:

- **Form TF725, Registered Charity Basic Information sheet;**
- **Form T3010B (09), Registered Charity Information Return** (including Schedules 1 through 6);
- **Form T1235 (09), Directors/Trustees and Like Officials Worksheet;** and
- **Form T1236 (09), Qualified Donees Worksheet / Amounts Provided to Other Organizations.**

Private foundations will also receive **Form T2081, Excess Corporate Holdings Worksheet for Private Foundations.**

Registered charities incorporated, amalgamated, or continued in Ontario and subject to the *Corporations Act* will also receive Form RC-232-WS, *Director/Officer Worksheet and Ontario Corporations Information Act Annual Return*.

For more information, and for help completing the new form, Guide T4033B (09), *Completing the Registered Charity Information Return*, is available on our Web site at www.cra.gc.ca/E/pub/tg/t4033b/README.html.

Webinars

The CRA is always looking for more ways to reach out to charities and to help them understand and meet their obligations under the *Income Tax Act*. The Charities Directorate already distributes its educational resources through many communication channels, such as the Charities and Giving Web pages, publications, Charities Information Sessions, mailings, and the electronic mailing list.

To supplement the face-to-face Charities Information Sessions already being delivered, the Directorate launched a pilot project using webinars. Webinars are interactive online presentations that are similar to the Charities Information Sessions.

The first webinars were held on February 10 and 11, 2009, and dealt with gifting and receipting. The webinars were one hour long, and they were interactive. An estimated 218 registered charities participated in these online sessions.

Based on the results of the evaluation, the Directorate will continue to pilot webinars over the next year. Two webinars, one in English and one in French, will be held on June 3, 2009, and will cover the new Form T3010B, *Registered Charity Information Return*. If you are interested in participating in a session, please go to www.cra.gc.ca/ttx/chrtcs/cmmnctn/sssns/wbnrs-eng.html.

Additional webinars are being planned for the fall of 2009. Go to www.cra.gc.ca/charities for information on dates, times, topics, registration, and more.

Small and Rural Charities Initiative update

The Canada Revenue Agency continues to implement the Small and Rural Charities Initiative (SARC) recommendations and is pleased to announce that most of the priority recommendations are being implemented as per the action plan due dates.

The following are just a few examples of some of the work that has been accomplished over the last year:

- release of the new T3010B, *Registered Charity Information Return*, which should make it easier for small and rural charities to meet their annual filing obligation (see the article in this Newsletter);
- development of **checklists**, which provide a quick summary of a charity's obligations and timelines;
- enhancements to the Charities and Giving Web site, such as, additions to the **Operating a registered charity** section, which makes it more intuitive;
- piloted a project on **webinars**, a new online communication channel similar to the **Charities Information Sessions**, (see the article in this Newsletter);
- development of **Charities Information Sessions** focused on small and rural charities;
- published the **compliance continuum**; and
- developed links to **provincial and territorial government contacts** for registered charities.

New **Small and Rural Charities Initiative (SARC)** Web pages have been added to the Charities and Giving Web site. The new Web pages were developed to provide charities with updates on the implementation of the recommendations and to provide charities with easy links to the new tools being implemented.

Appeals Branch: New address

The Appeals Branch's role is to serve as an impartial referee to help resolve disagreements and disputes between the CRA and the groups it deals with.

If you file a **Notice of Objection**, your request is handled by the Appeals Branch. Contact must be made in writing to the Assistant Commissioner, Appeals Branch, **250 Albert Street, Ottawa ON K1A 0L5**.

Reminders

Remember to file your financial statements with your Form T3010B (09), *Registered Charity Information Return*

A copy of your charity's financial statements is a required part of your annual information return. If your financial statements are not included, your return is considered incomplete.

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. Most of the return (other than the items marked confidential), along with the financial statements filed with it, is 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.

Obligation to maintain corporate status

If a charity is federally, provincially, or territorially incorporated, it must meet certain requirements under the incorporating statute. These may include other filing requirements. If the charity allows its corporate status to lapse, it must provide us with valid governing documents or its charitable registration may be revoked.

For more information, contact the provincial, federal, or territorial authority that issued the charity's certificate of incorporation, letters patent, memorandum of association, or other incorporating document.

Charities Information Sessions

Every year, in the spring and fall, the Charities Directorate provides free Charities Information Sessions for registered charities. Information on a number of topics is presented at these sessions to help charities maintain their registered status. They also provide an opportunity for charities to ask questions and share information and best practices with others in the charitable sector. This year, the sessions will travel to more rural locations than ever before and will focus on the following topics:

- new Form T3010B (09), *Registered Charity Information Return*
- gifting and receipting
- fundraising
- overview of the Charities Directorate and the Charitable Sector

Again this year, all information about the Charities Information Sessions is available on the Charities and Giving Web pages, or by calling our Client Services Section at **1-800-267-2384**. If you have not yet subscribed to the electronic mailing list, do so now to make sure you don't miss out on this year's sessions. To subscribe, go to www.cra.gc.ca/esrvce-srvce/mllst/sbscrbchrts-eng.html.

If you want to attend one of the free Charities Information Sessions, you will have to register online at www.cra-arc.gc.ca/tx/chrts/cmmnctn/sssns/nvtns/menu-eng.html. If you or others you know do not have access to the Internet, call us at **1-800-267-2384**, and we will be pleased to process your registration for a session.

Go to www.cra.gc.ca/tx/chrts/cmmnctn/sssns/menu-eng.html for details on venues, times, and dates.

Electronic Mailing List (EML)

We encourage all officers, directors, and employees of registered charities to subscribe to the *Charities and Giving – What's New* electronic mailing list (EML). The EML is a free service that allows subscribers to be notified by email about new information added to the Charities and Giving Web pages. By subscribing, you will receive approximately two emails per month to let you know what's new and what may be of interest to you.

To subscribe to the EML, visit our Web site at www.cra.gc.ca/esrvce-srvce/mllst/sbscrbchrts-eng.html and follow the two easy steps.

There are other CRA electronic mailing lists available. We invite you to visit www.cra.gc.ca/esrvce-srvce/mllst/sbscrb-eng.html for a complete list of topics.

The CRA takes your privacy seriously. Any information that you provide when you sign up for the EML will remain completely confidential. Our list will not be shared with any organization. For more information, we invite you to read our statement on privacy protection at www.cra.gc.ca/esrvce-srvce/mllst/prvcy-eng.html.

Contact information

Mail: Charities Directorate
Canada Revenue Agency
Ottawa ON K1A 0L5

Fax: 613-954-8037

Phone (Client Services): 1-800-267-2384 (English)
1-888-892-5667 (bilingual)

Email your comments or suggestions:

- about this newsletter to:
charities-bienfaisance-bulletin@cra-arc.gc.ca
- about our draft publications to:
consultation-policy-politique@cra-arc.gc.ca
- about our Charities Information Sessions to:
information.sessions@cra-arc.gc.ca
- about our Web pages to:
charities-bienfaisance@cra-arc.gc.ca

You can find all our publications at:

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

Draft publications for consultation are available at:

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

For information on new additions to our Web pages concerning charities, see the “What’s new” page at:

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

For an email notification of these additions, subscribe to the free electronic mailing list at:

www.cra.gc.ca/esrvce-srvce/mllst/sbscrbchrts-eng.html

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