THE REGISTERED CHARITIES INFORMATION RETURN
AND SUPPORTING SCHEDULES
COMPLETION INSTRUCTIONS - FOR Fiscal year 2009
Revised June 1st, 2010

GENERAL: The Information Return is now Number T3010B and it has changed quite dramatically from prior years, mostly for the better.

The intent of the return is to provide the Charities Division with information on all charities operating in Canada. Many charities receive the bulk of their financial backing through donations from individuals, who in turn, may receive tax credits for their contributions. In addition, income earned by charities is not subject to tax levies. These two reasons alone are sufficient to have in place a clear and detailed reporting system for charities.

The return is normally mailed to the Parish Treasurer or the Incumbent . If you have not received your "personalized" return you should contact the charities division at 1-800-267-2384 to obtain the proper forms.

Or you can go the WEB site and download the form in PDF format. The site address is

http://www.cra-arc.gc.ca/E/pbg/tf/t3010b/README.html

The Charities Division no longer mails the guide for completing the Return. You can call them (1-800-267-2384) to request a copy of the Guide or you can get it on line at www.cra.gc.ca/tx/chrts/formspubs/menu-eng.html

Regardless of how you get, it is a good source of completion instruction. Read it carefully especially if you are completing the Return for the fist time.

DEADLINE: The return is to be submitted by the end of the sixth month after the charity's year end. **In your case the filing deadline is June 30th each year.**

The Basic Information Sheet: This is an important part of the process and it must be filed with your Return. The front page shows the name and address of your Parish. If the address is incorrect, make note in the box provided. You cannot change the charity name in this manner - that requires a more extensive process).

Also on this page is a supply of bar-code labels. You must affix one of those to the Return and also place one on every schedule or list that accompanies it. Also put one on the copy of your Parish Financial Statements that will accompany your Return.

On the reverse of the Basic Information Sheet is shown telephone, FAX, email WEB site and other contact information. You should update this as necessary. On the bottom of page two is the current description of your parish's program emphases which appears on the Charities Division Web site. You can change this if you wish, using the guide to determine how.

THE MAIN FORM: Be sure you have the right one IE **T3010B**

You will need a copy of the Parish financial statements for 2009 and the return for 2008.

SECTION A:
Question A1 Answer yes, referencing the Diocesan Synod of Fredericton and Business number 130357197 RR0001

Question A2 would normally be No
Questions A3 answer No

SECTION B: This requires a listing of the Rector if there is one (Priest-in-charge is not listed), the Wardens, the Vestry Clerk, Treasurer, and the elected vestry persons. Please note the instruction on using your own format. **Place a bar-code label on this schedule.**

ARMS LENGTH: The list of Directors/Trustees asks a "yes or no" in respect of Arm's Length. A definition of this term is in the guide. Simply put Persons at "arm's length" to each other if they are not related by blood, marriage or adoption. This distinction is important and that is why the question is asked.

To determine whether to answer "yes" or "no" for each person listed, ask yourself if this person is related by blood or marriage to any other person on the list? If he/she is, then arm's length is "NO".

SECTION C:
Question C1 - "Yes" (revised June 1st 2010)

Question C2 is an opportunity to explain what your parish does in the course of its ministry. The guide depicts several good examples of statements relative to religious organizations such as ours. The following sentences may also help - the key is to use sentences, to personalize it, to make it "active": It is suggested you seek input from your Incumbent.

> We conduct weekly services of Christian worship in the Anglican tradition.
> We carry out Christian Education programs for adults and young people.
> We are actively engaged in out social outreach programs in the local community.
> We support both financially and otherwise in mission endeavours in our community, in the Diocese, across the nation and around the world through the world wide Anglican Communion.
> We give a high level of pastoral care to the sick, the disadvantaged, the bereaved.
> We provide a Sunday school program and a day care service.
> We offer our facilities to the broader community for programs and activities.

Question C3: The answer is likely to be Yes. Your parish payments to the Diocese for Shared Ministry Budget support, Pension Bonus and PWRDF need to be reported as gifts to the Diocese as a "Qualified Donee". You may also have donations to the Camp Campaign and the Jeffries Missionary Fund. There is a Qualified Donees Worksheet which is part of the return which you should use to report these gifts to the Diocese and other Qualified Donees. In every case you will need their name address and charity number. For the Diocese the number is 130357197 RR0001.

Complete that form now so that you will have the list of donees and the total dollars gifted to them. When you get to Section D (or Schedule 6) you will be glad you did

Question C4 - Say No, unless you have a compelling reason to say yes.
Question C5 - is likely No
Question C6 - check the appropriate boxes
Question C7 - is most likely No. If Yes, there will be related questions to answer
Question C8 - is always No
Question C9 - Yes as most parishes have paid employees
Question C10 - should be No
Question C11 - could apply as Yes in any parish
Question C12 - always No
Question C13 - always No
Question C14 - the answer should always be No - If you need to say "Yes" you may encounter some difficulty.

SECTION D - Financial Information

This is a greatly simplified financial report and it is a welcome change. However, this section is designed specifically for smaller charities. It can only be completed if your parish meets the qualification found in the text box at the top of the page. Some parishes will indeed be able to do Section D, but many others will have to continue completing the more detailed Financial Section (Schedule 6). If you are unsure contact the Charities Division.

D2: (4200) Includes investments, bank accounts, land, buildings, etc
D2: (4350) This is money you owe, regardless of who you owe it to.

D3: (4510) Include any Grant money received from the Diocese. Do not count money from your investment funds, rebates, reimbursements etc..
D3 (4530) The open offering is an example - do not count fund raisers
D3 (4575) Should be zero
D3 (4640) Does not apply

D4: (4860) In most cases is zero - do not count honorariums to clergy
D4: (4810) Do not include any travel allowance paid to the cleric in your parish as that will be included in compensation. Amounts paid on a per Km basis however are counted
D4: (4920) Do not fill in this Box until you report in Box 5050 IE the total of Gifts to Qualified Donees (as explained in Section C3)

Then take the total parish expenditures and subtract the amounts in Boxes 4860, 4810 and 5050
Enter the result in Box 4920

D4: (4950) Total the boxes as noted on the form.

D4: (5000 and 5010) Here you show how much of the total in box 4950 was spent on either charitable activities or management/administrative work. In most parish situations, all expenditures are critical to the charitable work carried out and that is how this should be viewed. While you may have administrative costs they would not be all that significant or worthy of separate reference. Many parishes have expenditures of this type, but they would likely not qualify to complete Section D.

D4: (5070) is zero

D4: (5100) Total expenditures as instructed on the form.

Section E and Section F are self explanatory

You now need to look at the checklist provided on the form to ensure you've done all various pieces of the Return as required.

Schedule 1 will not apply to you and in almost every case Schedule 2 will not either.
Schedule 3 deals with compensation and should be fairly clear. When filling in 1b, compensation includes stipend/salary, travel & car replacement allowance along with premiums for benefits, pension, LTD and continuing education plan. In other words, the employment costs.
Schedule 4 will apply to very few parishes.

Schedule 5 asks about non-cash gifts or Gifts in Kind. It could apply to any parish and if it does, just follow the instruction.

Schedule 6 is the alternate financial reporting form and a majority of our parishes will need to complete this schedule. Do not complete this Schedule if you have filled in Section D of the Return. Instructions for Schedule 6 follow:

Financial Information:
4020: Critical and must be attended to.

Statement of Financial Position:
Assets: you are to list assets and liabilities in the numbered boxes and thefollowing is offered for assistance:

4100: Quite clear
4110: Report 0
4120: If your statements make to reference to receivables, then this doesn't apply.
4130: Report 0
4140: Refers to any operating fund investments you may have. This would include GIC's bonds, stocks, and of course holdings in the Diocesan Investment Fund. (Restricted Funds such endowments, trusts, bequests etc should be reported under Line 4170.)

4150: Report 0
4155: Report the value of buildings, land etc as it appears on your balance sheet. If you have no values to report for the parish buildings then use the insurance valuation, property tax assessment value or some other estimate.
4160: Other capital assets is a broad range of items. Only report them if they are listed as assets in your Balance Sheet.
4165: Report 0
4170: Report the value of the Restricted Funds as mentioned above.
Total in box 4200

Important: It is critical to report in box 4250 ,the value of any assets (in 4140, 4155, 4160 or 4170) that are not used DIRECTLY for your charitable purposes. Examples are vacant land, rental properties, unused buildings. This includes the value of endowment/trust funds where use is limited to only the income generated.

Liabilities: Again report only if your statements make reference to accounts payables Report bills outstanding in box 4300 and loans or mortgages in box 4330. Boxes 4310 and 4320 will be 0.

<u>Statement</u> <u>of</u> <u>operations:</u>
Here you are to list revenue/expense and while it is straightforward, it will require a translation of the income/expenses in your financial statements into the catgeories listed on the form. The following may help:

REVENUE
4500: Simply the total of ALL tax receipts issued by the parish
5610 and 5640 are zero
4510: If you have such gifts/income (from the Diocese for example) report the total
4520: report 0
4525: Most likely 0
4530: The open offering is the most obvious, but also count monies received from ACW's Guilds etc and any funds received for use of facilities.
4540 4550 & 4560: The most common example is student employment grants, but there are others as well. If you received grants from any level of government be sure to report them.
4580: Limit this to interest and dividends
4590 and 4600: If securities, land, rectory, or other capital assets were sold you will need to report as required here
4610: May apply in some cases (eg parking lot rentals)
4620: is 0
4630: Report the money realized from fundraising identified in C6. Try to report the net
4640 is 0
4650 should not be used if at all possible - try to keep it at zero as your income should fall into the other identified categories. - do not recording such items as HST rebate, loan proceeds, internal transfers, insurance claims.
...for the total in Box 4700 please note which boxes are to be added

EXPENDITURE:
The guide gives good detail as to each line item. Make sure that virtually all of your expenditures appear somewhere in boxes 4800 - 4910 . **Try not to use "Other"**

PLEASE NOTE: The amounts you paid as to other charities (see section C3) will NOT appear anywhere in boxes 4800 - 4910 . This is instead shown in the Schedule of Gifts Qualified Donees and is reported in box 5050

..... You then will total expenditures in box 4950 as instructed. Then it gets interesting:

You must report in boxes 5000 - 5040 a breakdown of your expenditure total in Box 4950.

> In box 5000 you show how much of the total in box 4950 was spent on charitable activities. It has long been our view that in most parish situations all expenditures are critical to the charitable work carried out and that is how this should be viewed. There may be administrative costs, but they would not be all that significant or worthy of separate reference. That said some parishes have significant expenditures of this nature and should report them accordingly.

There may also be parishes that have expended funds on property that is not used for charitable purposes. For example, a perhaps a piece of land is vacant and is used as paid parking space. Clearly that land is not being used for your charitable purpose (though the income is). Therefore, costs related to that land cannot be viewed as expenditures on charitable activities.

If you have any of these or similar items included in the total on Box 4950, you need to report them in Box 5010,5120, or 5040 as applicable. Do not record anything in Box 5030

Do not let this part of the return be too daunting, but **make sure the total of Boxes 5000 - 5040 equals the amount showing in Box 4950**

Record in Box 5050, the gifts to the Diocese and other qualified donees as mentioned earlier (C3) and as per your schedule.

Boxes 5060 and 5070 will rarely apply

Box 5100 is a total. Be sure to added the proper boxes as instructed.

The bottom line is that the amounts you show in Boxes 5000 and 5050 - 5070 will be combined to determine whether the Parish has met its Disbursement Quota.

Lines 5500 to 5750 are not likely to apply to any parishes.
Lines 5900 and 5910 are relevant if you have reported "property not used in charitable activities.

The return is now essentially complete. Once it is signed put the identification label on the front page. There is a mailing label as well, but you will need to provide your own envelope.

It is STRONGLY suggested that the return be signed by someone other than the Treasurer. It would be best to sit down with the Rector and with one or both of the Wardens to go over the return so they may understand its form and content and its critical nature. One of them can then sign it.

Go back to the checklist for reference. Ensure all schedules and a copy of your statements are included. Put a bar code label on every document submitted with the Return.

It is strongly recommended that once the Return is filed, the Corporation be informed at the first possible opportunity. It should be noted in the minutes of that Corporation meeting. This raises awareness of the Return and emphasizes that filing is a corporate responsibility

DO NOT FORGET TO INCLUDE A COPY OF YOUR FINANCIAL STATEMENTS WITH THE RETURN.

You will receive in due course confirmation of the return being filed and a statement as to whether you have met your disbursement quota (see note on following page)

IMPORTANT NOTE RE DISBURSEMENT QUOTA

When it comes down to it, the primary reason we file our return is to ensure we have met our Disbursement Quota. The calculation of Disbursement Quota is getting more and more complicated. Fortunately that is changing starting in 2010 and also it is automatically done for you by the Charities Division, based on the information you provided in the return. They will notify you of the result of their calculation

Briefly Charities MUST expend on their charitable activities:

at least 80% of their prior years tax-receipted income plus
100% of amounts received from other registered charities and

There is also provision whereby charities must expend 3.5% of the value of their investment assets on charitable activities. There are issues around enduring property as well but they are being removed in 2010 so we need not be too concerned at this point.

What is important is this: Charities failing to meet their disbursement quota run a potential risk of revocation of charitable status. Frankly it is not likely in most parishes, but we still must be cognizant of the process and its importance.

When Charities Division confirms receipt of your Return, they will also indicate whether or not you have met your disbursement quota.

NOTE: If their notice indicates you have not met your disbursement quota, it is important to follow up, as that would be a most rare occurrence and would likely be caused by an error in completing the return. If that is not the case, there is provision for using up past, or even future excesses of quota. Again the Charities Division will inform you accordingly.

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