



Canada Revenue
Agency

Agence du revenu
du Canada

Completing the Registered Charity Information Return

Is this guide for you?

This guide will help you to fill out Form T3010(13), *Registered Charity Information Return*, and Form TF725, *Registered Charity Basic Information Sheet*.

You can find Form T3010(13) and our other forms and publications can be found at www.cra.gc.ca/charities, under “Forms and publications,” see “Charities-related forms and publications,” or you can call 1-800-267-2384.

Glossary

We refer to key terms in this guide. For definitions of these terms, go to www.cra.gc.ca/charities, and, under “Glossary,” see “Definitions.” The terms in the **Glossary** do not replace enacted or proposed law.

Alternate formats

If you have a visual impairment, you can get our publications in Braille, large print, etext (CD), or MP3 by going to www.cra.gc.ca/alternate or by calling 1-800-959-2221.

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La version française de cette publication s’intitule *Comment remplir la déclaration de renseignements des organismes de bienfaisance enregistrés*.

Checklist:

Before mailing the return, make sure you have attached all of the following:

- Form T3010(13), *Registered Charity Information Return*;
- Form TF725, *Registered Charity Basic Information Sheet*;
- a copy of the charity's financial statements;
- Form T1235, *Directors/Trustees and Like Officials Worksheet*;
- Form RC232-WS, *Director/Officer Worksheet and Ontario Corporations Information Act Annual Return*, or Form RC232, *Ontario Corporations Information Act Annual Return* (if applicable);
- Form T1236, *Qualified Donees Worksheet/Amounts Provided to Other Organizations*, (if applicable);
- Schedule 1, *Foundations* (if applicable);
- Schedule 2, *Activities outside Canada* (if applicable);
- Schedule 3, *Compensation* (if applicable);
- Schedule 4, *Confidential data* (if applicable);
- Schedule 5, *Non-cash gifts* (if applicable);
- Schedule 6, *Detailed financial information* (if applicable);
- Schedule 7, *Political activities* (if applicable); and
- Form T2081, *Excess Corporate Holdings Worksheet for Private Foundations* (if applicable).

Mail the return to:

Charities Directorate
Canada Revenue Agency
Ottawa ON K1A 0L5

Important reminder:

Do not attach correspondence or copies of governing documents to the charity's information return. These should be mailed separately to the above address.

Some sections of Form T3010, *Registered Charity Information Return*, contain tables that must be filled out if they apply to the charity. If there is not enough room in these tables for the information requested, attach a separate sheet with this information. Ensure the attached sheet includes the charity's identification information, and attach labels from Form TF725, *Registered Charity Basic Information Sheet*, where applicable.

What's new

Legislative changes

In 2012, new legislative measures were introduced that affect registered charities. These measures require registered charities to give more details about their political activities.

Changes to Form T3010(13), *Registered Charity Information Return*

Charities carrying out political activities must:

- answer additional questions at Section C5; and
- fill out Schedule 7, *Political activities*, if applicable.

Changes to Form T1236, *Qualified Donees Worksheet / Amounts Provided to Other Organizations*

Charities that gift to other organizations must report the amount of the gift that was intended for political activities.

Other changes

All charities must fill out Form T1235, *Directors/Trustees and Like Officials Worksheet*. Charities subject to the *Ontario Corporations Act* **must** now fill out Forms T1235 and RC232-WS, *Ontario Corporations Information Act Annual Return*.

We have updated the instructions on Form T1235 and Form T1236.

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Canada Revenue Agency's Service Pledge

You can expect reliable, responsive, fair service in the official language of your choice. We will provide this service to you, explain our decisions and actions, and seek your suggestions on ways to improve our service.

Charities Directorate

The Charities Directorate of the Canada Revenue Agency (CRA) administers the *Income Tax Act* and the *Charities Registration (Security Information) Act* as they apply to registered charities.

What is a registered charity?

Organizations that are charities and meet the requirements of the *Income Tax Act* can become **registered charities** with the CRA. A registered charity is assigned a registration number and can issue official donation receipts.

Before you start

What is a complete information return?

A complete return includes:

- Form T3010(13), *Registered Charity Information Return*;
- Form TF725, *Registered Charity Basic Information Sheet*;
- a copy of the charity's own financial statements, including notes to the financial statements;
- Form T1235, *Directors/Trustees and Like Officials Worksheet*, with all the required information;
- Form RC232-WS, *Director/Officer Worksheet and Ontario Corporations Information Act Annual Return*, or Form RC232, *Ontario Corporations Information Act Annual Return* (if applicable);
- Form T1236, *Qualified Donees Worksheet/Amounts Provided to Other Organizations*, with all the required information (if applicable); and
- Form T2081, *Excess Corporate Holdings Worksheet for Private Foundations* (if applicable).

When does a registered charity have to file its information return?

Under the *Income Tax Act*, every registered charity must file an information return each year. Form T3010 and related documents **must be filed no later than six months after the end of the charity's fiscal period**. For example, if the charity's fiscal period end is March 31st, its information return and related documents are due by September 30th.

If the charity is a corporation, it is **not** required to file a *T2 Corporation Income Tax Return* during the period it has charitable status. If the charity loses its charitable status, it

will be required to resume filing the T2 return. For more information regarding T2 filing requirements, call Business Enquiries at 1-800-959-5525.

Registered charities can also be subject to other federal, provincial, or territorial filing requirements under the incorporating statute or other statutes that govern its operations. For more information on federal incorporation, visit the Industry Canada Web site at www.corporationscanada.ic.gc.ca. For contact information on provincial or territorial incorporation, go to www.cra.gc.ca/charities and, under "Related links," see "Provincial and territorial government contacts."

Note

Registered charities in the Province of Québec are required to file a provincial annual return. For more information regarding filing requirements, call Revenu Québec at 1-800-567-4692.

What happens if a registered charity does not file its information return?

A charity that does not file its information return can lose its registered status. If a charity's registration is revoked, it:

- is no longer exempt from tax, unless another exemption applies;
- cannot issue official donation receipts; and
- must transfer its property to an eligible donee or be subject to a revocation tax equivalent to the full value of its remaining assets (under Part V of the *Income Tax Act*).

For more information go to www.cra.gc.ca/charities and see "Revoking registered status."

Registered national arts service organizations (RNASOs)

Under the *Income Tax Act*, RNASOs have the same privileges as registered charities and the same filing requirements, so the CRA treats RNASOs as if they were charitable organizations.

Considering this, all references to a "charity" on all forms and in this guide extend to RNASOs, and RNASOs should interpret the term "charitable programs" as the work they carry on to fulfill their purposes.

For more information, go to www.cra.gc.ca/charities, select "Policies and guidance" and under "Alphabetical Index of all policies and guidance," search for Summary Policy CSP-R14, *Registered National Arts Service Organization*.

What information is confidential?

Most sections of this return, and all of the financial statements filed with it, are available to the public. The public portions of the return are posted at www.cra.gc.ca/charitylists.

Confidential data is marked as such and includes:

- the information provided in Section F and Schedule 4 of Form T3010;

- the right-hand side of Form T1235, *Directors/Trustees and Like Officials Worksheet*; and
- Part II, Section B of Form T2081, *Excess Corporate Holdings Worksheet for Private Foundations*.

According to the *Income Tax Act*, we are 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 initiated under:
 - any act of Parliament,
 - any legal proceedings relating to the administration or enforcement of the *Income Tax Act*, the Canada Pension Plan, the *Unemployment Insurance Act*, or the *Employment Insurance Act*,
 - any other act of Parliament or law of a province that provides for the imposition or collection of a tax or duty;
- the *Auditor General Act*;
- warrants issued under the *Canadian Security Intelligence Service Act*; and
- enquiries from the Department of Finance Canada for information to form or evaluate fiscal policy.

Note

Section E, *Certification* is not confidential. While this information is not posted on our Web pages, it is available to the public upon request.

General notes on completing the return

Make sure that you file the correct version of this form for the charity's fiscal period end.

- Form T3010(13) must be completed by charities with fiscal periods ending on or after January 1, 2013.
- Form T3010-1 should be completed by charities with fiscal periods ending March 4, 2010, to December 31, 2012, inclusive.
- Form T3010B (09) should be completed by charities with fiscal periods ending from January 1, 2009, to March 3, 2010, inclusive.

Answer every question in Form T3010(13), including all yes/no questions, **that applies to the charity**. If a question does not apply to the charity, leave it blank.

Except for the list of directors/trustees or like officials and the list of qualified donees/amounts provided to other organizations, all requested information must be entered on the return, including the schedules. If there is not enough room, attach a separate sheet. Ensure the attached sheet includes the charity's identification information and that labels from Form TF725, *Registered Charity Basic Information Sheet*, are attached.

Report all amounts to the nearest single Canadian dollar in the spaces provided. Do **not** show cents (for example, report \$125,754, **not** \$125,753.53). Do not enter more than one amount in a space.

A director/trustee or like official must sign and date the certification area in Section E.

Mail the return to us with all the required attachments. Keep a copy for the charity's records.

Certain religious organizations may be exempt from completing some questions on the return if they:

- existed on December 31, 1977;
- have never issued any receipts for tax purposes; and
- have never, directly or indirectly, received gifts from another registered charity that issues official donation receipts.

Written confirmation is required from the Directorate for organizations to qualify for this exemption/status.

If, on Form TF725, *Registered Charity Basic Information Sheet*, there is a message about the charity meeting the criteria for exemption, you do not have to include the following information on the return:

- Section C, lines 5030, 5031, 5032, 5450, and 5460;
- Schedule 2, line 200, amounts in the table, and line 230;
- Schedule 3, 1(b), lines 380 and 390;
- Schedule 4, amounts in the table in Section 2;
- Section D (except lines 4050, 4400, 4490, and 4565) or Schedule 6; and
- the amounts of gifts to qualified donees, on Form T1236, *Qualified Donees Worksheet/Amounts Provided to Other Organizations*.

After you send your completed information return

Form T1242, *Registered Charity Information Return Summary*

We will send you Form T1242, *Registered Charity Information Return Summary*, after we have received and processed the charity's return. Form T1242 shows the charity's reported and, if necessary, recalculated financial totals. Keep Form T1242 for your records.

Go to www.cra.gc.ca/charitylists to confirm that we have posted the correct information.

How do I change the information return?

If you need to make a change to the charity's return **after** you have mailed it, fill out and send us Form T1240, *Registered Charity Adjustment Request*. You can get this form at www.cra.gc.ca/charities, under "Charities-related forms and publications," or by calling 1-800-267-2384.

Send the completed T1240 to the address provided on the form, or fax it to us at 613-957-8925.

Keep a copy for the charity's records.

Form TF725, Registered Charity Basic Information Sheet

Form TF725, *Registered Charity Basic Information Sheet*, is an important part of the information return package that is mailed to registered charities. For more information, go to www.cra.gc.ca/charities, under "Operating a Registered Charity," select "Annual information return (T3010)," and see "Registered Charity Basic Information Sheet." The pre-printed information on Form TF725 reflects what we have in our records. Review it to verify that what we have is correct and complete.

Attach Form TF725 to Form T3010(13) when you file it.

The person who signs Form T3010(13) is also certifying that the information on the Form TF725 is correct, complete, and current.

Some information cannot be changed directly on Form TF725. This information includes:

- legal name of the charity;
- charity's designation; and
- the charity's fiscal period end.

In these cases, you can change the information by sending us a letter separate from the return, signed by an authorized representative, with supporting documentation.

If you have already requested changes and they do not appear on Form TF725, contact Client Service at 1-800-267-2384.

Bar code label side

Name of registered charity

The name on Form TF725 is the name we have in our records for the charity. If the charity has made any changes to this name, it must send us an official copy of the amendment that reflects the changes to its governing documents. We cannot amend our records until we receive the appropriate supporting documentation.

Mailing address

Use the blank box on the right side of the page to make any correction to the charity's mailing address.

Peel-off bar code labels

To help us process the charity's information return, attach the peel-off labels to the completed return, and to all documents or separate sheets that you add to the return.

Reverse side

Designation

If the designation that appears on Form TF725 is incorrect, fill out and send us Form T2095, *Registered Charities: Application for Re-Designation*. You can get this Form at www.cra.gc.ca/charities, under "Charities-related forms and publications," or by calling 1-800-267-2384.

Fiscal period end

A fiscal period is the 12 months (or, for incorporated charities, a period of up to 53 weeks) covered by the charity's financial statements. Many registered charities have a fiscal period that matches the calendar year (January 1 to December 31). Others have a different fiscal period (for example, April 1 to March 31).

The fiscal period **end** is always stated as month and day only (for example, March 31). The year is not included because, unless formally changed, the fiscal period stays the same year after year. The phrase "fiscal period **ending**" does include the year because it identifies one specific fiscal period that ends in that year.

A registered charity must get our permission before changing its fiscal period. To request a fiscal period change, send us a letter stating the new fiscal period, the reason for the fiscal period change, and the effective date of the change. The letter must be signed by an authorized representative of the charity.

The charity may also need to amend its governing documents if a certain fiscal period end is stated (for example, bylaws state the fiscal period end is December 31, and the charity is changing the fiscal period end to March 31). We will still process this change; however, the charity must amend the date in its governing documents and submit a certified copy to us.

When we approve the change to a registered charity's fiscal period end, the charity's transition period will not be a full 12 months. For example, if a charity's fiscal period end was December 31 and the charity is changing it to March 31, the charity must file two information returns. One will be for the transition period from January 1 to March 31, and a separate return will be for the fiscal period from April 1 to March 31.

Note

We cannot process a return for the transition period until we have approved the fiscal period change. Therefore, requests for changes to a charity's fiscal period should be sent to us as soon as the charity decides to make the change.

Make sure that you file the correct version of this form for the charity's fiscal period end.

Registration date

The registration date is the effective date as it appears on the notice we sent when the charity was registered. However, if the charity was revoked and later re-registered, the registration date will be the effective date of **re-registration** and not the original date of registration. For more information, go to www.cra.gc.ca/charities, select "Revoking registered status," and see "Re-registration."

BN/Registration number

The business number (BN), or registration number, is the number on file with the Charities Directorate and includes the "RR" charity account identifier. For a definition of "BN," see our online **Glossary**. The BN cannot be changed.

Telephone number, fax number, email address, and Web site address

Telephone and fax numbers, as well as email and Web site addresses, will help us to contact the charity if needed. This information is also important to the public, who may want to contact the charity.

Use the blank space on the right side of the form to correct or update this information.

Public contact name or position

The public contact name or position is the person the public can contact to find out about the charity (for example, "Matias Lopez" or "Treasurer").

Use the blank space on the right side of the form to correct or update this information.

Names the charity is known by other than its registered name

Some registered charities use, and are widely known by, names other than their registered name. For example, a charity may be known by an acronym of its registered name. If the charity has become well-known by a name or names, other than its registered name use the blank space on the right side of the form to add the name(s). This does not change the charity's registered name.

Field codes and programs

This section lists the primary field codes in which the charity carries on activities. It is based on the information the charity gave when it was registered, or on a previous return. For more information go to www.cra.gc.ca/charities, under "Operating a Registered Charity," select "Annual information return (T3010)," and in "Registered Charity Basic Information Sheet" see "Program areas and field codes."

Completing Form T3010(13), Registered Charity Information Return

Section A – Identification

A1 – Line 1510 – Tick **yes** if the charity is subordinate to a parent organization (that is, an internal branch, section, or other division of another registered charity). Internal divisions generally do not have their own governing documents to establish them as separate entities; they abide by the governing documents of the charity that is their head body.

Also tick **yes** if the charity has its own governing documents and its activities are determined by another organization.

Provide the name and the BN/registration number of the other organization in the boxes provided.

A2 – Line 1570 – Tick **yes** if the organization is no longer operating, and no longer wants to be registered for any

reason. Attach a letter asking us to revoke the charity's registration. If you have already submitted this request, contact us to make sure that the charity's registration has been revoked. If so, the charity will have to file a final Form T3010(13), *Registered Charity Information Return*, as well as Form T2046, *Tax Return Where Registration of a Charity is Revoked*. For more information, go to www.cra.gc.ca/charities, select "Charities-related forms and publications," and search for Guide RC4424, *Completing the Tax Return Where Registration of a Charity is Revoked*.

If the charity is no longer operating because it merged, amalgamated, or consolidated with another organization, call Client Service for advice as to what documentation you must submit at **1-800-267-2384**.

A3 – Line 1600 – Tick **yes** if the charity is designated as either a public foundation or a private foundation. This information is located on Form TF725, *Registered Charity Basic Information Sheet*, and on the notice we sent you when the charity was registered or as later changed by us. If you tick **yes**, you must fill out Schedule 1, *Foundations*.

Section B – Directors/trustees and like officials

It is mandatory for directors/trustees and like officials to provide information such as their dates of birth and home addresses to facilitate the administration and enforcement of the *Income Tax Act*. The dates of birth allows for identification of directors/trustees and like officials who are fiscally accountable for the management of the charity. The director's name, position in the charity, and arm's length status to other directors/trustees and like officials are public information. Other information including the addresses and dates of birth will remain confidential and will not be made available to the public.

B1 – You **must** fill out Form T1235, *Directors/Trustees and Like Officials Worksheet*, or a list that includes the same information, and Form RC232-WS, *Director/Officer Worksheet and Ontario Corporations Information Act Annual Return*, if applicable.

Directors/trustees and like officials are persons who have managing authority within the charity. This usually means persons who hold positions identified in the charity's governing documents, such as chair, vice-chair, treasurer, secretary, or past president. The charity may have other officials that have governing powers similar to a director or trustee. For example, religious leaders often have some governing authority and would be considered as like officials.

Registered charities that are represented by an institutional trustee, such as a bank or financial institution, should fill in this information under the "Last name" field on the form.

To enter this information, fill out the worksheet included with the charity's return (or use another sheet, giving the same information and using the same format), and attach it to the return. Only the "Public information" is available to the public. The "Confidential data" is for our use only and remains confidential, but can be disclosed under certain circumstances.

Section C – Programs and general information

C1 – Line 1800 – Tick **yes** if the charity was active during the fiscal period.

Tick **no** if the charity is not active. This means that during the **entire** fiscal period, the charity did not use any of its resources to carry out its charitable activities, or to further the charitable purposes for which it was established. To keep its registered status, **the charity must file its information return and explain why it is not active in the “Ongoing programs” space at C2.**

C2 – Describe the ongoing and any new programs the charity carried on. New programs are those that the charity began in this fiscal period.

The term “program” covers all the charitable activities the charity carries out on its own through employees or volunteers, and through intermediaries, as well as gifts it makes to qualified donees.

The charity may use this space to give details about the contributions of its volunteers in carrying out its activities, including the number of volunteers and their hours. **Do not** include the names of volunteers as this section is public information. Grant-making registered charities should describe the types of organizations they support.

Do not send documents such as annual reports in place of describing the charity’s activities in question C2. **Do not** report information on fundraising activities here.

If the charity is considering new activities that we have not yet approved, contact us to discuss before implementing them, to ensure that the proposed activities are charitable and that they fall within the charity’s approved purposes.

Use **active** verbs such as “do,” “offer,” “operate,” “conduct,” “perform,” “educate,” “feed,” “give,” or “house” to describe how the charity carried out its charitable activities during the fiscal period.

You must give enough detail for a reader to clearly understand what the charity actually does. For example, simply saying “we advance religion,” or “we relieve poverty,” is not sufficient. See the examples below.

Ongoing programs

We operate a recycling service.

We give free meals to the homeless on a weekly basis.

We conduct research aimed at developing less harmful industrial processes.

We hold worship services weekly.

We offer weekly or monthly ministries for women, men, youth, and children.

We offer pastoral care.

We operate a summer camp for recreation and religious programs.

We operate a food bank, clothing give-away program, and a daycare centre.

We financially support overseas missionary activities by gifting funds to our denomination headquarters, which is a registered charity.

New programs

We operate a senior care program two times a week.

We have a Sunday school bus service for children.

C3 – Line 2000 – Tick **yes** if the charity made gifts to qualified donees or other organizations. If so, you **must** fill out and attach Form T1236, *Qualified Donees Worksheet/Amounts Provided to Other Organizations*.

Where a gift has been made to a qualified donee, include the name of each qualified donee, whether or not the qualified donee is an associated charity, its BN/ registration number, the city and province or territory in which the qualified donee is located (or, if it is a qualified donee outside Canada, its exact location), and the total amount of gifts made to the qualified donee, including gifts-in-kind. For more information, go to www.cra.gc.ca/charities, select “Charities-related forms and publications,” and search for Pamphlet P113, *Gifts and Income Tax*.

If the charity transferred resources to other organizations, enter the name and address of the recipient organizations on Form T1236, and report the value of the resources transferred.

Activities carried on abroad must be reported on Schedule 2, *Activities outside Canada*.

If you prefer, you can submit a separate sheet of paper with the same information using the same format and attach it to the return instead of using Form T1236.

C4 – Line 2100 – Tick **yes** if the charity carried out activities outside Canada directly, through employees or volunteers or both, or by giving funds or other resources to individuals, entities or intermediaries. These intermediaries include agents, joint ventures, and contractors, but not qualified donees.

If you tick **yes**, you must fill out Schedule 2, *Activities outside Canada*.

Registered charities can conduct charitable activities outside Canada. To carry on their activities abroad, registered charities can use employees or volunteers posted in other countries, or they can carry on activities through an agent, contractor, or other intermediary, as long as the registered charities exercise direction and control over the activities. They can also make gifts to other qualified donees that conduct their charitable activities outside Canada. These gifts should be recorded at line 5050.

For more information about carrying on activities outside Canada, go to www.cra.gc.ca/charities, select “Operating a registered charity,” then “Policies and guidance,” and search for Guidance CG-002, *Canadian Registered Charities Carrying Out Activities Outside Canada*.

C5 – Political activities – While a registered charity may not be established for a political purpose, it may choose to advance its charitable purposes by taking part in political activities under certain conditions.

A registered charity may pursue political activities if they are:

1. **non-partisan in nature.** A charity must not directly or indirectly support or oppose a political party or candidate for public office. For example, a registered charity cannot purchase tickets (or reimburse its employees for the expense of purchasing tickets) to a fundraising event held by a political party;
2. **connected directly to the charity's purposes.** A charity is only permitted to devote its resources to political activities about an issue, policy, or law that is connected to its charitable purposes. For example, a registered charity established for the purpose of wildlife conservation could not engage in political activities related to prison reform;
3. **subordinate to the charity's purposes.** A charity can only engage in political activities provided it has satisfied the requirement that it devote substantially all its resources to charitable activities. Generally a registered charity may devote no more than 10% of its resources to political activities.

We consider an activity to be political if a charity:

1. explicitly makes a call for political action (for example, encourages the public to contact an elected representative or public official and urge them to retain, oppose, or change the law, policy, or decision of any level of government in Canada or a foreign country);
2. explicitly communicates to the public that the law, policy, or decision of any level of government in Canada or a foreign country should be retained (if the retention of the law, policy, or decision is being reconsidered by a government), opposed, or changed; or
3. explicitly indicates in its materials (whether internal or external) that the intention of the activity is to incite, or to put pressure on, an elected representative or public official to retain, oppose, or change the law, policy, or decision of any level of government in Canada or a foreign country.

Note

As of June 29, 2012, a political activity includes the making of gifts to qualified donees intended for political activities. Under the new rule, when a registered charity makes a gift to a qualified donee and it can reasonably be considered that a purpose of the gift was to support the political activities of the recipient, the gift is considered an expenditure on political activities. This means that a registered charity must now declare an amount that it gave to another qualified donee to conduct political activities as part of its own political activities and count this amount against the allowable limit.

A charity is not necessarily engaging in a political activity when it addresses a government body on legislative and policy matters. When a charity makes a representation (oral or written presentation or brief), whether by invitation or not, to an elected representative or public official, the activity is considered to be charitable provided that it:

- relates to an issue that is connected to the charity's purposes;
- is well-reasoned; and
- does not contain information that the charity knows or ought to know is false, inaccurate, or misleading.

However, it is important to note that if making representations to elected or public officials is all the charity does, or is a substantial focus, the activity would no longer be subordinate to its charitable purposes and could indicate that the charity has an unstated political purpose.

For more information, go to www.cra.gc.ca/charities, select "Operating a registered charity," then "Policies and guidance," and see Policy Statement CPS-022, *Political Activities*.

C5(a) – Line 2400 – Tick **yes** if the charity carried out any political activities during the fiscal period, including making gifts to qualified donees that were intended by the donor for political activities.

If you ticked **yes** at Line 2400, fill out **Schedule 7 Political activities, Table 1 and Table 2**.

C5(b) – Line 5030 – Enter the total amount gifted, spent, or both by the charity on these political activities.

C5(c) – Line 5031 – Of the amount at line 5030, enter the total amount of gifts made to qualified donees.

The charity should only report on gifts to other qualified donees that were intended for political activities. The charity is not responsible for tracking and reporting on how the funds were actually spent. Further, regardless of whether the funds were ultimately used for political activities, if a purpose of the gift was to fund political activity, it should be reported in line 5031.

C5(d) – Line 5032 – Enter the total amount received from outside Canada that was directed to be spent on political activities. If an amount is entered, fill out **Schedule 7, Table 3, Funding from outside Canada for political activities**.

This question only addresses the donor's intent for the funds. The charity must report the total amount that the foreign donor directed it to spend on political activities, whether or not the amount was actually spent.

C6 – Lines 2500 – 2660 – Tick **all** applicable fundraising methods used by the charity during the fiscal period. For more information go to www.cra.gc.ca/charities, select "Policies and guidance," then "Operating a registered charity," and see Guidance CG-013, *Fundraising by Registered Charities*.

C7 – Line 2700 – Tick **yes** if any external fundraisers were paid during the fiscal period. An external fundraiser is a company or individual not employed by the charity that solicits funds on the charity's behalf. If you tick **yes**, you must answer questions (a) to (d), and Table 1 – Information about fundraisers, on Schedule 4, *Confidential data*.

C7(a) – Line 5450 – Enter the amount of gross revenue that the fundraiser(s) collected on behalf of the charity. Gross revenue means the amount collected before taking into account cost of goods sold, or other expenses including fees paid to fundraisers.

C7(b) – Line 5460 – Enter the amount paid directly to external fundraisers plus any amounts that the fundraisers retained before giving the balance of the funds to the charity.

C7(c) – Lines 2730 – 2790 – Tick all applicable methods of payment to the fundraisers.

C7(d) – Line 2800 – Tick **yes** if the fundraiser issued official donation receipts on behalf of the charity.

C8 – Line 3200 – Tick **yes** if the charity made any payments to its directors/trustees or like officials or persons not at arm’s length that were not reimbursements or allowances for amounts spent to carry on their duties (for example, an out-of-town director’s accommodation and travel expenses while attending a board meeting). The term “not at arm’s length” means persons acting jointly without separate interests, or who are related. For a definition of “arm’s length,” see our online **Glossary**.

Generally, a registered charity cannot pay its directors/trustees and like officials simply for occupying their positions. However, a registered charity can pay its directors/trustees and like officials a reasonable amount when they provide services to the charity. **Provincial/territorial laws may differ in this regard.**

For a list of provincial and territorial government contacts, go to www.cra.gc.ca/charities and, under “Related links,” see “Provincial and territorial government contacts.”

C9 – Line 3400 – Tick **yes** if the charity incurred expenses for compensation of employees during the fiscal period. If you tick **yes**, you must fill out and submit Schedule 3, *Compensation*.

C10 – Line 3900 – Tick **yes** if the charity received any donations or gifts of any kind valued at \$10,000 or more from any donor, individual or otherwise, that was not resident in Canada and was not a Canadian citizen, employed in Canada, a person carrying on business in Canada, or a person that has disposed of taxable Canadian property.

If you tick **yes**, you must fill out and submit Question 2 – Information about donors not resident in Canada, on Schedule 4, *Confidential data*, for each donation of \$10,000 or more.

C11 – Line 4000 – Tick **yes** if the charity received non-cash gifts for which it issued official donation receipts. If **yes**, you must fill out Schedule 5, *Non-cash gifts*.

C12 – Line 5800 – Tick **yes** if the charity acquired a non-qualifying security during the fiscal period.

The special provisions governing non-qualifying securities affect the conditions under which an official donation receipt may be issued for a particular class of gifts. We recognize that these are complex provisions, and, if necessary, we recommend that registered charities seek advice from legal or accounting experts.

For a definition of “Non-qualifying security,” see our online **Glossary**.

C13 – Line 5810 – Tick **yes** if the charity allowed a donor to use any of its property (loanbacks) during the fiscal period. We recognize that these are complex provisions, and, if

necessary, we recommend that registered charities seek advice from legal or accounting experts.

For a definition of “Loanbacks,” see our online **Glossary**.

C14 – Line 5820 – Tick **yes** if the charity issued official donation receipts for donations on behalf of another organization. For more information, go to www.cra.gc.ca/charities, select “Operating a registered charity” and see “Issuing receipts.”

Section D – Financial Information

If any of the following applies to the charity, skip this section and only fill in Schedule 6, *Detailed financial information*. Do not complete both sections.

- The charity’s gross revenue exceeds \$100,000.
- The amount of all property (for example, investments or rental properties) not used in charitable activities or administration exceeds \$25,000.
- The charity currently has permission to accumulate property during this fiscal period.

Note

When you fill out either Section D or Schedule 6, make sure that you round all amounts to the nearest single Canadian dollar.

D1:

Line 4020 – Tick the box that applies to the charity’s financial information. Financial information prepared on an accrual basis, records revenue in the fiscal period in which the charity earned it, even if the charity receives the revenue after the end of the fiscal period. Similarly, the charity records an expenditure in the fiscal period that the charity incurred it, even if the charity pays this bill in the following period.

Financial information prepared on a cash basis records only revenue or expenditures the charity actually received or paid during the fiscal period.

D2 – Summary of financial position:

Line 4050 – Tick **yes** if the charity owns land, buildings, or both.

Line 4200 – Enter the total amount of **all** of the charity’s assets (including land and buildings) at their cost to the charity, or, if an asset was donated, at fair market value at the time the gift was made.

Note

Line 4200 does not have to balance with line 4350. A charity’s accounting system will usually have a balancing account such as “net assets,” “surplus,” or “deficit.”

Line 4350 – Enter the total amount of the charity’s liabilities.

Line 4400 – Tick **yes** if the charity borrowed from, loaned to, or invested with any non-arm’s length persons in the fiscal period.

D3 – Revenue:

Line 4490 – Tick **yes** if the charity issued official donation receipts for donations in the fiscal period.

Line 4500 – Enter the total eligible amount of all gifts received by the charity for which official donation receipts were issued. Do not include gifts received from other registered charities.

Report amounts received from other Canadian registered charities on line 4510.

Line 4505 – Enter the value of all 10 year gifts received. This amount could also be included on lines 4500, 4510 to 4630, and 4650. For a definition of “10 year gifts,” see our online **Glossary**.

Line 4510 – Enter the total amount of funds and value of property received from other registered charities.

Note

Receipts for income tax purposes should **not** be issued for amounts received from other registered charities.

Line 4530 – Enter the total amount of all other gifts for which an official donation receipt was **not** issued, excluding amounts at lines 4575 and 4630. Do not include revenue from governments or from fundraising on this line. Include gifts for which the charity did **not** issue official donation receipts because it could not identify the donor, such as anonymous gifts.

Line 4565 – Tick **yes** if the charity received any revenue from any level of government in Canada, including revenue received from government grants, contributions, and contracts for goods and services provided directly to government. If **yes**, you must complete line 4570.

Line 4570 – Enter the total amount received.

Line 4571 – Enter the charity’s total tax-receipted amounts from all sources outside Canada (both government and non-government).

Line 4575 – Enter the charity’s total **non** tax-receipted amounts from all sources outside Canada (both government and non-government).

Line 4630 – Enter the total gross amount of all non tax-receipted revenue from fundraising activities, including the gross amounts from activities carried on by the charity (for example, collection boxes, and loose collections) and by contracted fundraisers. Revenue for which official donation receipts were issued should be reported as gifts on line 4500.

Line 4640 – Enter the gross revenue received from the sale of all goods and services provided to individuals or organizations (except amounts reported on lines 4570 and 4630). This includes revenue received from the provision of goods and services as part of the charity’s activities. Revenue from goods and services provided to governments should be reported on line 4570. Revenue from the sale of goods and services for fundraising purposes should be reported on line 4630.

Line 4650 – Enter the total of all other revenue received by the charity that is not already included in the amounts above. You should include any goods and services tax/harmonized sales tax (GST/HST) and provincial sales

tax (PST) rebates, if applicable, as well as income from the rental or leasing of any equipment or other resources on this line.

Note

Government rebates such GST/HST and PST rebates should not be included if the amount to be rebated has not been included as an expense.

Line 4700 – Enter the total of lines 4500, 4510, 4530, 4570, 4575, 4630, 4640, and 4650.

D4 – Expenditures:

Line 4860 – Enter the total amount paid or incurred for professional and consulting services, such as legal, accounting, or fundraising.

Line 4810 – Enter the total amount paid or incurred for travel and vehicle expenses. Include travel and accommodation costs, vehicle costs such as gas, repairs, upkeep, and lease payments.

Line 4920 – Enter the total expenditures not included on lines 4860 and 4810. This line can include expenditures on charitable activities, grants that must be returned (if using accrual basis), or amounts spent to fulfill a compliance agreement with the Charities Directorate.

Line 4950 – Enter the total of lines 4860, 4810, and 4920.

Line 5000 – Enter the part reported at line 4950 that represents all expenditures on charitable activities, except for gifts to qualified donees. Examples include:

- running the charity’s own day-to-day programs;
- occupancy costs (rent, mortgage payments, hydro, repairs, and insurance) for buildings used to carry out charitable activities;
- most salaries; and
- education and training for staff and volunteers.

Do not include any expenditures spent on management, administration, fundraising, or political activities on this line.

Line 5010 – Enter the part reported at line 4950 that represents management and administrative expenditures. These may include expenses related to:

- holding meetings of the board of directors;
- accounting, auditing, personnel, and other administrative services;
- purchasing supplies and equipment, and paying occupancy costs for administrative offices; and
- applying for grants or other types of government funding, and gifts from other qualified donees (usually foundations).

Some expenditures can be considered partly charitable and partly management and administration, such as salaries and occupancy costs. In these cases, it will be necessary to divide the amounts accordingly between lines 5000 and 5010. How you allocate the expenditures should be reported throughout the charity’s return on a reasonable and consistent basis.

Line 5050 – Enter the total expenditures for all gifts to qualified donees.

Line 5100 – Enter the total of lines 4950 and 5050.

Section E – Certification

The return **must** be signed by a director/trustee or like official of the charity who is authorized to sign on behalf of the charity.

By signing the return, the individual certifies “to the best of [their] knowledge,” that the charity’s return is correct, complete, and current. This person is responsible for obtaining the most accurate information possible to be reported on the return.

Certification applies to all components of the charity’s information return:

- the completed Form T3010(13), *Registered Charity Information Return*, including all schedules;
- the verified Form TF725, *Registered Charity Basic Information Sheet*;
- the charity’s own attached financial statements (the charity’s treasurer should sign any financial statements that have not been professionally prepared);
- the completed Form T1235, *Directors/Trustees and Like Officials Worksheet*, or a list of directors/trustees or like officials, with all required information;
- the completed Form RC232-WS, *Director/Officer Worksheet and Ontario Corporations Information Act Annual Return*, or Form RC232, *Ontario Corporations Information Act Annual Return* (if applicable);
- the completed Form T1236, *Qualified Donees Worksheet/Amounts Provided to Other Organizations*, or a list of qualified donees and amounts provided to other organizations, with all required information (if applicable);
- the completed Form T2081, *Excess Corporate Holdings Worksheet for Private Foundations* (if applicable); and
- all other attachments containing required information.

Note

If you already submitted a request to change information shown on the TF725, *Registered Charity Basic Information Sheet*, we consider the certification to be based on those requested changes.

Section F – Confidential data

The information you enter in this section is confidential and will not be available to the public.

F1 – In the first column, enter the physical address of the charity. This means the address where the charity is actually located, including the street number; street name; apartment, suite, or lot and concession number; city; province or territory; and postal code. A post office box or a rural route number alone is not sufficient.

In the second column, enter the address in Canada where the charity’s books and records are kept. This address must be complete and include the street number; street name;

apartment, suite, or lot and concession number; city; province or territory; and postal code. A post office box or a rural route number alone is not sufficient.

If the area does not have street names or numbers, enter a description that will easily allow a person to locate the office (for example, the first green house eastbound on Highway 4 from Oldtown).

No matter where the charity carries out its activities, it must have books and records available at an address in Canada that would enable an auditor to verify:

- the official donation receipts it issued;
- the revenue it received and the expenditures it made;
- that the charity meets all the requirements for continued registration under the *Income Tax Act*. The necessary information could include other financial records, copies of minutes of meetings, correspondence, publicity brochures, and any other documents that provide details about the charity’s activities including agreements for activities outside Canada; and
- source deductions and taxes payable.

For more information on books and records, go to www.cra.gc.ca/charities, select “Charities-related forms and publications” and search for Guide RC4409, *Keeping Records*.

For more information on retaining and destroying records, go to www.cra.gc.ca/charities, select “Charities-related forms and publications” and search for Information Circular IC78-10R5, *Books and Records Retention/Destruction*.

F2 – Enter the requested information about the individual who prepared the charity’s information return.

Schedule 1, Foundations

1 – Line 100 – Tick **yes** if the foundation acquired control of a corporation in the fiscal period.

Under the *Income Tax Act*, foundations are generally not allowed to acquire control of any corporation and may be subject to a monetary penalty when they do so. Control usually means that the foundation owns, or the foundation plus persons not dealing with it at arm’s length own, more than 50% of a corporation’s issued share capital with full voting rights. However, the foundation will not be considered to have acquired control, provided that it has not purchased or otherwise acquired for consideration more than 5% of any class (voting or otherwise) of shares of the corporation.

A foundation that receives a gift of shares in the year that results in the foundation having control of the corporation will only be considered to have acquired control if the foundation, in the current, or any previous year, bought or otherwise acquired shares for consideration, the cumulative total of which is more than 5% of the issued shares of any class of the capital stock of the corporation.

If, in the future, the same foundation were to buy or otherwise acquire shares of the same corporation for consideration that, when added to any shares previously bought or otherwise acquired for consideration, exceeds 5% of the issued shares of any class of the capital stock of the

corporation, the foundation will be considered to have acquired control of the corporation.

A public or private foundation that has acquired control of a corporation runs the risk of revocation.

A private foundation that has a divestment obligation percentage at the end of the year in respect of a class of shares of the capital stock of a corporation also runs the risk of revocation. For more information, go to www.cra.gc.ca/charities, select “Charities-related forms and publications” and search for Guide T2082, *Excess Corporate Holdings Regime for Private Foundations*.

For more information about control of a corporation, go to www.cra.gc.ca/charities, select “Charities-related forms and publications” and search for Income Tax Interpretation Bulletin IT-64R4-CONSOLID, *Corporations: Association and Control*.

2 – Line 110 – Tick **yes** if the foundation incurred debts other than for current operating expenses, in connection with the purchase and sale of investments, or in the course of administering charitable activities during the fiscal period.

Public and private foundations are not allowed to incur debts other than in the situations described above.

Debts incurred for **current operating expenses** are usually short-term debts. This allows a foundation to have accounts payable, such as salaries payable, rent payable, or an amount due on account with their office supplies supplier.

Debts incurred in connection with the **purchase and sale of investments** includes debts such as brokerage fees or other incidental amounts that relate to the purchase or the sale of investments. Debts to acquire investments such as shares or other securities are also acceptable.

Debts incurred in the course of **administering charitable activities** must have a direct link to the charitable activities of the foundation. They can include short-term debts, such as for current operating expenses, and debts of larger amounts and longer terms incurred in the purchase of an asset used directly in charitable activities, such as a loan to purchase a vehicle used to deliver meals to the poor.

Note

Questions 3 and 4 apply to private foundations only.

3 – Line 120 – Tick **yes** if the private foundation held any shares, rights to acquire shares, or debts owing to it that could be defined as a non-qualified investment during the fiscal period.

Non-qualified investments (debts, shares, or rights to a share) may result in a tax payable by the debtor or corporation if the private foundation receives interest or dividends on these investments, falling short of an amount based on the prescribed rate (section 4301 of the *Income Tax Regulations*). For more information, go to www.cra.gc.ca/charities, select “Charities-related forms and publications” and search for Form T2140, *Part V Tax Return – Tax on Non-Qualified Investments of a Registered Charity*.

4 – Line 130 – Tick **yes** if the foundation owned more than 2% of any class of shares of a corporation at any time during the fiscal period. If **yes**, you must fill out and attach

Form T2081, *Excess Corporate Holdings Worksheet for Private Foundations*. Only private foundations will have this Form included in their return package.

For more information, go to www.cra.gc.ca/charities, select “Charities-related forms and publications” and search for Guide T2082, *Excess Corporate Holdings Regime for Private Foundations*.

Schedule 2, Activities outside Canada

1 – Line 200 – Enter the total expenditures for activities carried on outside Canada during the fiscal period. Include expenditures made directly by the charity to carry on these activities and payments made to other individuals or organizations to carry on these activities. **Do not** include gifts made to qualified donees in the amount reported at line 200.

2 – Line 210 – Tick **yes** if any of the charity’s financial resources were used for activities outside Canada under any kind of an arrangement, including a contract, agency agreement, or joint venture with any other individual or entity (excluding gifts to qualified donees or amounts gifted to other organizations reported on Form T1236, *Qualified Donees Worksheet/Amounts Provided to Other Organizations*). If **yes**, in the table, enter the amount of the total reported at line 200 that was transferred to individuals and organizations, and the countries in which the activities were carried out, using the country codes listed in the schedule.

3 – Using the country codes, identify the countries where the charity carried on activities or gave any of its resources.

4 – Line 220 and Line 230 – Tick **yes** if any of the charity’s projects undertaken outside Canada were funded by the Canadian International Development Agency (CIDA). If **yes**, enter the total amount of funds spent under this arrangement.

5 – Line 240 – Tick **yes** if the charity’s activities outside Canada were carried out by its own employees. A charity’s employees are those who perform duties under an employment contract directly funded by the charity itself.

6 – Line 250 – Tick **yes** if the charity’s activities outside Canada were carried out by its own volunteers. The volunteers of a charity are under the direct supervision of the charity.

7 – Line 260 – Tick **yes** if the charity’s activities include exporting goods outside Canada. If **yes**, you must report the items being exported, their value, their destination (specify the city/region), and the country codes. For more information, go to www.cra.gc.ca/charities, select “Operating a charity,” then “Policies and guidance,” and search for Guidance CG-002, *Canadian Registered Charities Carrying Out Activities Outside Canada*.

Schedule 3, Compensation

Compensation includes all forms of salaries, wages, commissions, bonuses, fees, and honoraria plus the value of taxable and non-taxable benefits. It generally includes all amounts that form part of an employee’s gross income from employment plus the charity’s contributions to the employee’s pension, medical or insurance plan, employer

CPP and EI contributions, and workers' compensation premiums.

Do not include reimbursements for expenses incurred while working on the charity's behalf, such as travel claims.

1(a) – Line 300 – Enter the number of permanent, full-time, compensated positions the charity had in the fiscal period. The number should represent the usual number of positions the charity had during the fiscal period, including managerial positions.

1(b) – Lines 305 – 345 – For the ten highest compensated positions during the fiscal period, enter the number of positions falling within each salary range, regardless of the type of work performed.

2(a) – Line 370 – Enter the number of part-time or part-year employees (for example, seasonal) the charity employed during the fiscal period.

2(b) – Line 380 – Enter the total expenditure on compensation for part-time and part-year employees in the fiscal period, if applicable.

3 – Line 390 – Enter the charity's total expenditure for all compensation in the fiscal period.

Schedule 4, Confidential data

The information reported in Schedule 4 is for the CRA's use but may be shared as permitted by law (for example, with certain other government departments and agencies).

Part 1 – Information about fundraisers

Enter the name(s) and arm's length status of the external fundraiser(s) in the table.

For more information on determining arm's length status, go to www.cra.gc.ca/charities, select "Charities-related forms and publications" and search for Income Tax Interpretation Bulletin IT-419R2, *Meaning of Arm's Length*.

For more information on contracting with external fundraisers, go to www.cra.gc.ca/charities, select "Policies and guidance," then "Operating a registered charity," and search for Guidance CG-013, *Fundraising by Registered Charities*.

Part 2 – Information about donors not resident in Canada

Gifts received from residents of Canada do not have to be reported on this schedule. For each gift of \$10,000 or more that a charity receives from a donor who is not resident in Canada, the charity must report on Schedule 4 the identity of the donor, the amount of the gift, and whether the donor is an individual, organization, or government body, **unless** the donor is either:

- a Canadian citizen;
- employed in Canada;
- carrying on business in Canada; or
- a person that has disposed of taxable Canadian property.

Donations from non-resident donors who meet any of these criteria should **not** be reported on Schedule 4.

To satisfy this reporting obligation, charities should ensure that they have sufficient information to fill out this schedule.

Schedule 5, Non-cash gifts

1 – Lines 500 – 565 – If the charity received non-cash gifts (gifts-in-kind) for which it issued official donation receipts, tick **all** the types the charity received during the fiscal period. Two uncommon terms are explained below.

Cultural properties (Line 520) are objects that the Canadian Cultural Property Export Review Board certifies as being of outstanding significance and national importance to Canada.

Note

Under the *Income Tax Act*, if a registered charity disposes of a gift of cultural property, within ten years of the certification date, through its destruction or transfer to a party other than an institution or public authority designated under the Cultural Property Export and Import Act, the charity will be liable to a tax equal to 30% of the object's fair market value on the day of disposition. A charity subject to this tax must complete Form T913, *Part XI.2 Tax Return – Tax for the Disposition of Certain Properties*, and pay the tax within 90 days of the end of its fiscal period. You can get this form at www.cra.gc.ca/charities, under "Charities-related forms and publications," or by calling 1-800-267-2384.

For more information on gifts of cultural properties, go to www.cra.gc.ca/charities, and, under "Charity-related forms and publications," search for Pamphlet P113, *Gifts and Income Tax*, and Income Tax Interpretation Bulletin IT-407R4-CONSOLID, *Dispositions of Cultural Property to Designated Canadian Institutions*.

Ecological properties (Line 525) are ecologically sensitive land (including covenants, easements, or in the case of land in Quebec, real servitudes), that the Minister of the Environment, or a person designated by that Minister, has certified as ecologically sensitive and whose conservation and protection is, in the Minister's opinion, important to the preservation of Canada's environmental heritage.

Note

Under the *Income Tax Act*, if qualified recipients of ecological property dispose of it or change its use without authorization from the Minister of the Environment, they are subject to a tax equal to 50% of the ecological property's fair market value on the day they disposed of it or changed its use. A charity subject to this tax must complete Form T913, *Part XI.2 Tax Return – Tax for the Disposition of Certain Properties*, and pay the tax within 90 days of the end of its fiscal period. You can get this form at www.cra.gc.ca/charities, under "Charities-related forms and publications," or by calling 1-800-267-2384.

2 – Line 580 – Report the total eligible amount of tax-receipted non-cash gifts.

Schedule 6, *Detailed financial information*

Fill out this schedule if any of the following applies to the charity:

- The charity's gross revenue exceeds \$100,000.
- The amount of all property (for example, investments or rental properties) not used in charitable programs or administration is more than \$25,000.
- The charity has permission to accumulate property during this fiscal period.

Line 4020 – Tick the box that applies to the charity's financial information, whether it is reported on an accrual or cash basis. The accrual basis records revenue in the fiscal period in which the charity earned it, even if the charity receives the revenue after the end of the fiscal period. Similarly, the charity records an expenditure in the same fiscal period that the charity incurred it, even if the charity pays this bill in the following period.

Financial information prepared on a cash basis records only revenue or expenditures the charity actually received or paid during the fiscal period.

Statement of financial position

Assets

Note

A negative amount should be reported under liabilities and **not** under assets.

Line 4100 – Enter the total amount of cash the charity had at the end of the fiscal period. Include amounts on hand and in bank accounts. Include the value of all short-term investments with an original term to maturity not greater than one year, such as guaranteed term investment certificates, treasury bills, bonds, notes, and all other current investments. Also include the value of long-term investments that will mature within one year; such as a five-year bond that is currently in its last year of being held. Do **not** include investments with non-arm's length persons on this line.

Line 4110 – Enter the value of amounts owed to the charity by its founders, directors/trustees and like officials, employees, or members, or by any person or organization **not at arm's length** to these individuals or to the charity. This includes loans, mortgages, or advances and interest receivable on these amounts. It also includes amounts receivable for goods and services purchased or rented by persons that are not at arm's length.

For more information, go to www.cra.gc.ca/charities, select "Charities-related forms and publications," and search for Income Tax Interpretation Bulletins IT-419R2, *Meaning of Arm's Length*, and IT-64R4-CONSOLID, *Corporations: Association and Control*.

Line 4120 – Enter the value of amounts receivable from individuals or other organizations. Amounts receivable include funds owing from the provision of goods or services, and the current portion (the amount due during the fiscal period) of long-term investments such as loans and mortgages. Long-term investments are investments issued for a term greater than one year. Do not include any

amounts already reported on line 4100 or amounts receivable from non-arm's length persons or organizations.

Line 4130 – Enter the total amounts that the charity has invested with founders, directors/trustees and like officials, non-arm's length employees or members, or any person or organization not at arm's length to these individuals or to the charity. These amounts could include limited partnership investments, shares, and investments in Canadian or foreign related corporations. Do not include any amounts already reported on line 4110.

Line 4140 – Enter the value of all long-term investments. Include the value of all investments that will mature in more than one year, such as the cash-surrender value of life insurance policies; stocks; bonds; notes; shares; debt; loans; mortgages; reserves of gold, diamonds and other precious metals and stones; and all other long-term investments.

Do not include amounts receivable from non-arm's length persons or organizations, or any amounts reported on lines 4120, 4130 or 4170. Restricted funds must be reported on line 4170.

Line 4150 – Enter the value of inventories on hand at the end of the fiscal period and available for use in the charity's activities or held for sale: for example, articles made by workers in a sheltered workshop, religious books or artifacts for sale, educational materials such as books in print or electronic form, or medication in a hospital dispensary. Include the fair market value of any donated items held as inventory. Do not include amounts reported on lines 4120 or 4170.

Note

For lines 4155, 4160, and 4165, a charity must report its capital assets at their cost to the charity. However, if the charity receives a gift-in-kind, it must use the fair market value at the time the gift was made. A charity must also report its capital assets outside Canada at their cost to the charity, or, if an asset was donated, at fair market value **at the time the gift was made**. Include the cost of major improvements needed for the charity to use the asset for its intended purpose.

Line 4155 – Enter the cost or fair market value (see note above) of all land and buildings in Canada.

Line 4160 – Enter the cost or fair market value (see note above) of all other capital assets in Canada. These can include equipment, vehicles, computers, and furniture and fixtures.

Line 4165 – Enter the cost or fair market value (see note above) of all capital assets outside Canada. These can include land and buildings, equipment, vehicles, computers, and furniture and fixtures.

Line 4166 – Enter the accumulated amortization of capital assets. Accumulated amortization is the amount of amortization expense that has been claimed since the acquisition of the asset. The value should be negative and shown in brackets.

Line 4170 – Enter the value of any assets the charity has that do not fall under any of the previous categories. Include works of art and other valuables not considered inventory. Prepaid expenses would also be included on this

line (accrual basis only). Include the charity's restricted funds on this line.

Line 4180 – Enter the value of all 10 year gifts included on lines 4100 to 4170. For a definition of “10 year gifts,” see our online **Glossary**.

Line 4200 – Enter the total of lines 4100 to 4170.

Line 4250 – Enter the total of any portion of the amounts on lines 4150, 4155, 4160, 4165, and 4170 that the charity did **not** use in its charitable programs.

Liabilities

Line 4300 – Enter the value of amounts owing including salaries owing; the current (short-term) portion of long-term debt obligations such as loans, mortgages, and notes; and payments due for goods and services received. Also include any contributions, gifts, and grants payable for charitable activities. Do **not** include any amounts payable to non-arm's length persons.

Line 4310 – Enter the total of amounts received by the charity to pay for goods or services not yet provided (accrual basis only).

Line 4320 – Enter the total of amounts (including advances, loans, notes, or mortgages) owing to non-arm's length persons (including founders, directors/trustees, like officials, non-arm's length employees or members, or to any person or organization not at arm's length to these individuals). These also include amounts owing to such persons for goods and services received, any rent due for the use of property, and salaries payable.

Line 4330 – Enter the total amount of all other liabilities not included above, such as an unused part of a government grant that the charity must return, and long term debt obligations such as loans, mortgages, and promissory notes.

Line 4350 – Enter the total of lines 4300 to 4330.

Note

Line 4200 does not have to balance with line 4350. A charity's financial statements will often have a balancing account such as “net assets,” “surplus,” or “deficit.”

Statement of operations

Government rebates such as goods and services tax/harmonized sales tax (GST/HST) and provincial sales tax (PST) rebates should not be included in income if the related taxes have not been included as an expense.

If the expenditures reported at lines 4800 through 4920 do include GST/HST and PST, a charity must report any rebates received on line 4650.

Note

Pledges are considered revenue only in the fiscal period in which they are honoured.

Revenue

Except for line 4600, enter gross amounts the charity received. Do **not** deduct any expenditures involved in earning the revenue.

Line 4500 – Enter the total eligible amount of gifts received by the charity during the fiscal period for which official donation receipts were issued. Do not include gifts received from other Canadian registered charities. Report these amounts on line 4510.

Line 5610 – Enter the total eligible amount of tax-receipted tuition fees included in line 4500. This amount represents tuition fees (or part of tuition fees) that the charity can acknowledge with an official donation receipt. For more information, go to www.cra.gc.ca/charities, select “Charities-related forms and publications,” and search for Income Tax Information Circular IC75-23, *Tuition Fees and Charitable Donations Paid to Privately Supported Secular and Religious Schools*.

Line 4505 – Enter the value of all 10 year gifts included on lines 4500, 4510 to 4575, 4630, and 4650. For a definition of “10 year gifts,” see our online **Glossary**.

Line 4510 – Enter the total amount received from other registered charities.

Note

Receipts for income tax purposes should not be issued for amounts received from other registered charities.

Line 4530 – Enter the total amount of all other gifts for which an official donation receipt was **not** issued (excluding amounts at lines 4575 and 4630). Do **not** include revenue from governments or from fundraising on this line. Also include gifts for which the charity did not issue official donation receipts because it could not identify the donor, such as anonymous gifts.

Line 4540 – Enter the total revenue received or earned from the federal government. This amount should include all revenue received from federal government grants, contributions, and contracts for goods and services provided directly to the federal government or on its behalf.

Line 4550 – Enter the total revenue received or earned from provincial/territorial governments. This amount should include all revenue received from provincial or territorial government grants, contributions, and contracts for goods and services provided directly to these governments or on their behalf.

Line 4560 – Enter the total revenue received or earned from municipal/regional governments. This amount should include all revenue received from municipal or regional government grants, contributions, and contracts for goods and services provided directly to these governments or on their behalf.

Line 4571 – Enter the charity's total tax-receipted amounts from all sources outside Canada (both government and non-government).

Line 4575 – Enter the charity's total **non** tax-receipted amounts from all sources outside Canada (both government and non-government).

Line 4580 – Enter the total interest and other investment income the charity received or earned during the fiscal period (for example, interest from bank accounts, mortgages, bonds, and loans and dividends from shares). Include all investment income, whether or not the charity

received an information slip for the amount, and whether or not the charity received the income from a non-arm's length person or organization. Do **not** include capital gains or losses.

Report all foreign investment income in Canadian dollars. Convert the amount at the exchange rate in effect on the day the charity received the income **or** the rate of exchange in effect at the end of the fiscal period (accrual basis only). Call your local tax service office or your local financial institution for the applicable exchange rates.

Exchange rates can also be found on the Bank of Canada Web site at www.bankofcanada.ca.

Line 4590 – Enter the gross amount received on disposition of assets.

Line 4600 – Enter the net gain or loss on disposition of assets after removing any costs associated with the sale. Show a negative amount with brackets.

Line 4610 – Enter the gross income received or earned by the charity from renting its land and buildings. Add all such rents, including those derived from property the charity used in carrying on its charitable activities. For example, include:

- rents from a seniors' home the charity operated; and
- any rent derived from leasing out surplus space, such as a church parking lot during the week, or a university residence during the summer.

When a charity earns rental income on property it does not use for charitable activities, it should provide details on this property in the notes to its financial statements.

Report any income the charity earned from leasing out equipment or other resources on line 4650, "Other revenue."

Line 4620 – Enter the total revenue received from memberships, dues, and association fees for which the charity did **not** issue an official donation receipt.

Line 4630 – Enter the total gross amount of all non tax-receipted revenue from fundraising activities, including the gross amounts from activities carried on by the charity (for example, collection boxes, and loose collections) and by contracted fundraisers. Revenue for which official donation receipts were issued should be reported as gifts on line 4500.

Line 4640 – Enter the gross revenue received from the sale of all goods and services provided to individuals or organizations (except amounts reported on lines 4540, 4550, 4560, or 4630). This includes revenue received from provision of goods and services as part of the charity's activities. Revenue from goods and services provided to governments should be reported on lines 4540, 4550, or 4560. Revenue from the sale of goods and services for fundraising purposes should be reported on line 4630.

Line 4650 – Enter the total of all other revenue received by the charity not already included in the amounts above. Also include income from the rental or leasing of any equipment or other resources on this line.

Line 4655 – Specify the type(s) of revenue included in the amount reported at 4650.

Line 4700 – Enter the total of lines 4500, 4510 to 4580, and 4600 to 4650.

Expenditures

A charity must keep track of its expenditures during the fiscal period in such a way that it is able to give amounts that are reasonably accurate. A charity cannot arbitrarily allocate its expenditures at the end of the fiscal period. It must be able to justify its amounts.

While the categories on the return may not correspond exactly to the categories used by a charity to record its expenditures, we need to know how much the charity spent on these categories to determine if it meets all of its requirements under the *Income Tax Act*.

The account categories on lines 4800 to 4920 represent common expenditure categories used in accounting systems to record various types of expenditures. The total on line 4950 should represent all expenditures recorded by the charity except gifts to qualified donees.

Line 4800 – Enter the total amount paid or incurred for advertising and promotion. Include on this line all amounts spent to draw attention to the charity and its activities, including advertising and promotion costs related to fundraising activities. Specific examples include meals and entertainment, seminars, presentation booths, publications, and postage related to promotion or advertising of the charity. Report professional and consulting fees on line 4860.

Line 4810 – Enter the total amount paid or incurred for travel and vehicle expenses. Include travel and accommodation costs; vehicle costs such as gas, repairs, and upkeep; and lease payments.

Line 4820 – Enter the total amount paid or incurred in interest and bank charges, such as the interest portion of mortgage payments.

Line 4830 – Enter the total amount paid or incurred for licences, memberships, and dues.

Line 4840 – Enter the total amount paid or incurred for office supplies and expenses. This includes, for example, postage, minor equipment purchases, meeting expenses (not including accommodation), and the cost of preparing and distributing annual reports. Do not include any amounts reported on line 4800.

Line 4850 – Enter the total amount paid or incurred for occupancy costs. This includes rent, mortgage payments (excluding the interest portion, which is reported on line 4820), maintenance and repairs, utilities, taxes, and all other costs related to maintaining premises used by the charity. Expenditures related to investment assets should be reported on line 4920.

Line 4860 – Enter the total amount paid or incurred for professional and consulting services (for example, legal, accounting, or fundraising).

Line 4870 – Enter the total amount paid or incurred for education and training for staff and volunteers. This would include the cost of courses, seminars, and conferences.

Line 4880 – Enter the total amount paid or incurred for all compensation. Enter the amount reported at line 390 in Schedule 3, if applicable.

Line 4890 – Enter the fair market value of all donated goods used in charitable activities.

If the donated asset is being used for charitable activities, the fair market value of that asset should be reported as an expenditure on this line and also on line 5000. Do not include assets that have been capitalized and for which you intend to report amortization on line 4900.

Line 4891 – Enter the total cost of all supplies and assets purchased in the fiscal period. Do not include assets that have been capitalized.

Line 4900 – Enter the total amortization expense for the fiscal period for capitalized assets. Amortization is often referred to as depreciation. A charity that is amortizing assets used in charitable activities should also report this amount on line 5000. If the asset was donated and included on line 4890 at full value, do not include annual amortization on line 4900. Amortization on donated assets reported on line 4890 should not be included because the full value of the donated asset has already been included.

Line 4910 – Enter the total amount paid for research grants and scholarships that were part of the charity's activities.

Line 4920 – Enter the total expenditures **not** included on lines 4800 to 4910 (excluding gifts to qualified donees). This line can include:

- the costs of producing and selling goods and services the charity does not use, produce, or sell in the context of its charitable work (depending on the reason the goods and services are produced, also report this amount on line 5010 (administration), 5020 (fundraising), or 5030 (political activities));
- the premiums the charity paid to maintain life-insurance policies that donors have given to the charity – also report this amount on line 5020;
- grants that must be returned (accrual basis) – also report this amount on line 5040;
- amounts spent further to a compliance agreement with the Charities Directorate – also report this amount on line 5000; and
- the costs of rental property the charity does not use to carry out its charitable activities or administration – also report this amount on line 5020.

Line 4930 – Specify the type(s) of expenditures included in the amount reported at line 4920, such as charitable expenditures not included above.

Line 4950 – Enter the total of lines 4800 to 4920.

Note

Lines 5000 to 5040 represent a breakdown of the expenditures on lines 4800 to 4920 plus line 5031, gifts to qualified donees that were intended for political activities, reported at C5(c).

Line 5000 – Enter the part reported at line 4950 that represents all expenditures on charitable activities, except for gifts to qualified donees. Examples include:

- running the charity's own day-to-day programs;
- occupancy costs (rent, mortgage payments, hydro, repairs, and insurance) for buildings used to carry out charitable activities;
- most salaries; and
- education and training for staff and volunteers.

Line 5010 – Enter the part reported at line 4950 that represents management and administrative expenditures. These may include expenses related to:

- holding meetings of the board of directors;
- accounting, auditing, personnel, and other administrative services;
- purchasing supplies and equipment, and paying occupancy costs for administrative offices; and
- applying for grants or other types of government funding, and for gifts from other qualified donees (usually foundations).

Some expenditures can be considered partly charitable and partly management and administration, such as salaries and occupancy costs. In these cases, it will be necessary to divide the amounts accordingly between lines 5000 and 5010. Also, some expenditures may be considered partly charitable, partly fundraising, or partly political. In this case, it will be necessary to divide the amounts accordingly between lines 5000, 5020, and 5030. How you allocate the expenditures should be reported throughout the charity's return on a reasonable and consistent basis.

Line 5020 – Enter the part of the amount on line 4950 that represents fundraising expenditures. Enter the total expenses the charity paid out for fundraising activities, whether carried out by the charity or by contracted fundraisers. Examples of fundraising expenditures are:

- expenditures for conducting fundraising activities, including salaries and overhead costs, promotional materials, campaign supplies, electronic data processing, and year-round office expenses directly related to fundraising;
- expenditures for promoting the charity and its activities to the community primarily for fundraising purposes;
- fees the charity paid to outside fundraising consultants or agencies (or amounts retained by them); and
- postage costs for direct mail canvassing.

Any expenditures made in applying for grants or other types of government funding, and for gifts from other qualified donees (usually foundations) should be reported on line 5010. For additional information on acceptable fundraising expenditures, go to www.cra.gc.ca/charities, select "Policies and guidance," then "Operating a registered charity," and search for Guidance CG-0013, *Fundraising by Registered Charities*,

Line 5030 – Enter the same amount that was reported at C5(b). This includes the part of the amount on line 4950 that represents expenditures for political activities, inside or outside Canada, and the amount on line 5031 that was reported at C5(c). For additional information on acceptable

political activities, go to www.cra.gc.ca/charities, select “Policies and guidance,” then “Operating a registered charity,” and search for Policy Statement CPS-022, *Political Activities*.

Line 5040 – Enter the part of the amount on line 4950 that represents expenditures for other activities (for example, a grant that must be returned to another registered charity or level of government). A charity will rarely report an amount on this. Most expenditures should be entered on lines 5000 through 5030.

If you are unsure which line to use to enter an expenditure, call Client Service at **1-800-267-2384**.

Line 5050 – Enter the total expenditures for all gifts to qualified donees, including gifts to qualified donees that were intended for political activities.

Line 5100 – Enter the total of lines 4950 and 5050.

Other financial information

Permission to accumulate property:

Only registered charities that have received written permission to accumulate property from the CRA should complete lines 5500 and 5510.

For more information about permission to accumulate property, go to www.cra.gc.ca/charities, select “Operating a registered charity,” then “Making requests that require approval,” and see “Asking for permission to accumulate property (funds).”

Line 5500 – Enter the amount accumulated this fiscal period, including income earned on accumulated funds.

Line 5510 – Enter the amount spent this fiscal period for the specific purpose for which we have given permission to accumulate property.

Permission to reduce disbursement quota:

Line 5750 – Enter the amount for which the charity has received our prior approval to make a reduction to its disbursement quota for this fiscal period.

For more information about the disbursement quota, including information about asking for permission for a disbursement quota reduction, go to, www.cra.gc.ca/charities, select “Operating a registered charity,” then “Annual spending requirement (disbursement quota).”

Note

A charity must use its disbursement excesses from prior years and any excesses from the subsequent year before we consider granting relief.

In the case of pre-approved micro-lending organizations and certain other entities, we may have pre-approved certain amounts as a reduction to a charity’s disbursement quota.

In the case of micro-lending organizations, we will consider an amount placed on line 5750 as fulfilling the requirement of subsection 149.1(5) of the *Income Tax Act* for an “application made to the Minister on prescribed form,” provided “micro-enterprise loans” is written beside the entry on line 5750.

For more information, go to www.cra.gc.ca/charities, select “Operating a registered charity,” then “Policies and guidance,” and search for Guidance CG-014, *Community Economic Development Activities and Charitable Registration*.

Calculating the disbursement quota

The “disbursement quota” is the specific amount that a registered charity must spend each year on charitable activities, or as gifts to qualified donees. For more information on how to fill out line 5900 and line 5910 and calculate the disbursement quota, go to www.cra.gc.ca/charities, select “Operating a registered charity,” and see “Annual spending requirement (disbursement quota).”

Line 5900 – Enter the average value of property not used directly in charitable activities or administration during the 24 months before the **beginning** of the fiscal period, basing the value on the number of periods chosen by the charity.

Line 5910 – Enter the average value of property not used directly in charitable activities or administration during the 24 months before the **end** of the fiscal period, basing the value on the number of periods chosen by the charity.

Schedule 7, *Political activities*

This schedule should only be filled out if the charity conducted political activities or received funds intended for political activities from foreign donors during the fiscal period.

For more information, go to www.cra.gc.ca/charities, select “Operating a registered charity,” then “Policies and guidance,” and search for Policy Statement CPS-022, *Political Activities*.

Political activities

If you ticked **yes** at C5 (a) – **Line 2400** fill out Tables 1 and 2.

Table 1 – Describe the charity’s political activities including its gifts to qualified donees intended for political activities and explain how these relate to the charity’s purposes.

In this table, the charity should identify how the law, policy, or decision of government that the charity was trying to influence is related to its charitable purposes. The description should not include the means the charity used to try to retain, oppose, or change the law, policy or decision as the means should be identified in Table 2.

An example of a description is: ABC charity is established to promote health by giving medication to cancer patients in Canada. The charity wants the Canadian government to change the drug review process to establish an open border North American standard that would allow drugs currently only approved in the US to be readily sold in Canada.

Table 2 – Identify how the charity participated in, or carried out political activities (including funding political activities) during the fiscal period by reporting the types of resources used to carry out these activities. Tick all the boxes that apply.

The term “resource” is not defined in the *Income Tax Act* but we consider it to include the total of a charity’s financial assets, as well as everything the charity can use to further its purposes. This includes employees, volunteers, money, and property (such as buildings, equipment, land, and supplies).

Example

ABC charity organized a rally on Parliament Hill to urge the government to change the drug review process. It used staff to organize and plan the rally and financial resources to rent buses to transport supporters to the rally. In this scenario, in the column marked “Rallies, demonstrations, or public meetings,” tick the boxes under “Staff” and “Financial.”

Charity XYZ’s only political activity was to gift bullhorns and money to ABC charity to support its rally on Parliament Hill. In this scenario, in the column marked “Gifts to qualified donees for political activities,” Charity XYZ ticks the boxes under “Financial” and “Property.”

Gifts from Foreign Donors

If you entered an amount on Line 5032, fill out Table 3, *Funding from outside of Canada for political activities*. This table captures amounts received from foreign donors that were intended to support political activities.

Table 3 – Enter the political activities that the funds were intended to support, the amount received from each country outside Canada, and the corresponding country code (using the country codes provided in schedule 2).

The charity must report the total amount that foreign donors directed it to spend on political activities rather than the amount it actually spent on these activities.

Example

ABC charity received \$5,000 from an organization in the United States and \$10,000 from an individual in France with a direction from both that the funds are to be spent for the purpose of urging the government to change the drug review process to enable US approved drugs to be readily sold in Canada.

Political Activity	Amount	Code
Urge government to change the drug review process to enable US approved drugs to be readily sold in Canada.	\$5,000	US
Urge government to change the drug review process to enable US approved drugs to be readily sold in Canada.	\$10,000	FR

Need more information?

Web site

Charities newsletters, policies, and other important information about charities can be found at www.cra.gc.ca/charities. We regularly post policy and legislative amendments on our Web pages.

Telephone numbers

If you need more information on a topic, you can reach the Charities Directorate by calling:

- 1-800-267-2384
- 1-800-665-0354 (TTY service for persons with a hearing or speech impairment)

Fax numbers

You can also fax us at:

- 613-954-8037 (Client Service)
- 613-957-8925 (Monitoring)

Your opinion counts!

We review our publications every year. If you have any comments or suggestions that would help us improve this guide, we would like to hear from you. You can email your comments or suggestions to charities-bienfaisance@cra.gc.ca.

You can also send your comments to:

**Charities Directorate
Canada Revenue Agency
Ottawa ON K1A 0L5**