

**THE REGISTERED CHARITIES INFORMATION RETURN
AND SUPPORTING SCHEDULES
COMPLETION INSTRUCTIONS - REVISED FOR Fiscal year 2007**

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

The return and Guide are mailed from Ottawa and would normally be addressed to the Parish Treasurer or the Incumbent . If you have not received your "personalized" return you should contact the charities division at 1-800-267-2384 to obtain the proper forms.

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

<http://www.ccr-a-adrc.gc.ca/E/pbg/tf/t3010a/t3010a-03e.pdf>

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

Basic Information Sheet: This must be filed with your Return. The front page shows information on your Parish (name, address etc). Change address if necessary.

On the reverse side is shown a place to insert telephone, FAX, email WEB site and other contact information. You should provide this and make changes in subsequent years as necessary. On the bottom of page two is the current description of your parish's program emphases. In the past this was part of the return itself but it is now part of the recorded description of your parish which appears on the Charities Division Web site. You can change this if you wish, using the guide to determine how.

You will note that you are provided with a number of bar-code labels. You must affix one of those to the return and also place one on every schedule or list that accompanies the return, including the copy of the Parish Financial Statements, the list of officers, the list of gifts to qualified donees.

THE MAIN FORM: (T3010A)

YOU WILL NEED: Parish financial statements for 2007 and the return for 2006.

The guide that accompanies the return is an excellent source of completion instruction and the following supplemental information is provided to further assist you in completing the return and schedules. Read it carefully and make note of the "What's New" Section on the first page.

SECTION A: Answer no to questions A1 and A2.

Question A3 is answered "YES" , referring to the Diocesan Synod of Fredericton whose Business number 130357197 RR0001

Questions A4 & A5 rarely apply so are usually "NO".

SECTION B: This requires a listing of the Rector, if there is one (Priest-in-charge is not a Rector and not listed), the Wardens, the Vestry Clerk and Treasurer, and the members of vestry. You may use the form provided in the guide or your own format, but sure that any format you use shows all the required information. If you encounter reluctance in providing the needed information, please assure all that the only thing made public is the individuals name, capacity with the charity and the arms length status. Place a bar-code label on this schedule.

ARMS LENGTH: The list of Directors/Trustees asks a "yes or no" in respect of Arm's Length. A definition of this term is in the guide and an exhaustive explanation can be found on the WEB at:

<http://www.ccra-adrc.gc.ca/E/pub/tp/it419r/it419r-e.pdf>

Simply put: Arm's length refers to the relationship between or among two or more people in a group. Persons at "arm's length" are theoretically disassociated with each other because they are not related by blood, marriage or adoption. From a management standpoint this distinction is important and that is why the question is asked.

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

SECTION C: Question C1 - "NO"

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

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

In question C3 check box 2000 and 2010

For simplicity sake, say no to C4. Unless you have a very compelling reason to say yes.

Answer to C6 is dictated by your circumstance.

Answer "NO" to question C7

Check the appropriate items in C8. Try not to use "Other"

Question C9 should be "No"

Item C10 can apply in many cases as a "Yes" (Consult the Guide)

In C11 - Gifts to Qualified Donees - the answer is "YES" Your parish payments to the Diocese for Mission Outreach Contributions, Episcopal and Administrative Assessment, Pension Bonus and PWRDF flow throughs need to be reported as gifts to the Diocese as a "Qualified Donee".

Some may also have donations to the Camp Campaign and the Jeffries Missionary Fund. There is a form in the guide which you should use to report these Gifts to Qualified Donees (the total should be put in Box 5050, Section E5 - expenditures) You need to report the amount (total will do) for each charity, name of the receiving charity (the Diocese), the business number (130357197 RR0001), and the general location (Fredericton).

You may also list other qualified donees (food bank, direct PWRDF remittances, etc) but do not forget you will need their business numbers.

Question C12 may apply to you. Check the boxes as appropriate. Bear in mind that this refers to gifts that are non-cash IE securities, land products that have been tax-receipted.

SECTION D - Compensation:

D1 is a simple count of the Parishes full time employees. Most have only one and some have none. D2 relates to D1 and you simply categorize the top five compensation amounts paid to those full time employees. In most cases, for full time clergy the category is in Box 3710. If he or she is in place less than a full year Box 3700 will apply.

D3 and D4 are related and refer to employment of persons part time or for part of the year. You will need to total the cost for these employees (not including the full time)

Check the guide on this for a clear definition of compensation. For clergy living in a rectory it includes the value of that benefit.

Question D5- the answer is "NO". Yes it is true that the Rector is an officer and is compensated, but Rectors are compensated for their work in ministry as opposed to the office they hold.

Question D6 is "NO"

Section E - Financial Information: E1 is critical and must be attended to.

In E2 you are to list assets and liabilities in the numbered boxes with the following cautions/notes:

4100 Quite clear

4110 Report 0

4120 Doubtful you will have any except maybe the HST rebate claimed for year end

4130 Report 0

4140 Refers to any operating fund investments you may have. This would include bonds, stocks, and of course holdings in the Diocesan Investment Fund.

The guide indicates that if you are holding restricted funds IE endowments and bequests they should be reported under Line 4170 (Other). The guide refers to a newly defined term - "enduring property" You can check the guide for a definition. This type of gift/asset can impact on your disbursement quota.

You are cautioned not to put amounts into this category unless you are very certain that there are restrictions on the funds' uses. Do not assume that simply because the Parish received a bequest that it is a restricted fund.

4150 Report 0

4160 Report the value of buildings, land etc as it appears on your balance sheet. If you have no values to report for the parish buildings then use the insurance valuation, property tax assessment value or some other estimate.

4170 Here you will report the value of the Trusts, Restricted Funds, Endowment Funds

Total in box 4200 and then record in box 4250 the value of any assets (in 4150, 4160 or 4170) not used DIRECTLY for your charitable purposes. Examples are vacant land, rental properties, unused buildings. It also includes restricted funds that prohibit the use of capital.

On the liability side, report bills outstanding (as per balance sheet) in box 4300 and loans or mortgages in box 4330. Boxes 4310 and 4320 will be 0.

Part E5: Here you are to list revenue/expense and this is quite straightforward but only to a point

REVENUE

....Receipted gifts (4500) is simply the total of ALL tax receipts issued regardless of the eventual use of the money

....Gifts from other charities (4510) and Specified Gifts (4520) will be rare but they can happen (a grant from the Diocese for example)

....In 4530 record non-receipted gifts such as open offering, from ACW, from guilds, donations in lieu of rent

....Parishes receiving grants for student employment during Summer months must report that income in boxes 4540 - 4560 as appropriate (totaled in Box 4570)

....In reporting investment income in box 4580 limit this to interest and dividends and ***include as well, the bonus interest addition to capital in your accounts with the Diocesan Investment fund.***

....Proceeds on sales of assets (4590 and 4600) is a reporting of capital gains - only the net is important. If securities, land or other capital assets were sold you will need to measure this "gain"

....box 4610 may apply in some cases

....box 4620 is 0

....box 4630 is where to record the money realized from fundraising identified in C8 (except

for the open offering, reported in 4530

....Box 4640 is 0

....4650 should not be used if at all possible - try to keep it at zero as your income should fall into the other identified categories. - do not bother recording HST rebate at all
...for the total in Box 4700 please carefully note which boxes are to be added

EXPENDITURE:

This will require a "translation" from your financial statements to the form. The guide gives good detail as to each line item. Make sure that virtually all of your expenditures appear somewhere in boxes 4800 - 4910 . **Try very hard not to use "Other"**

PLEASE NOTE however - the amounts you paid as "gifts to qualified donees" (see section C11) will **NOT** appear anywhere in boxes 4800 - 4910 . This is instead shown in Schedule of Gifts to the Diocese and others if applicable and reported in box 5050

..... You then will total expenditures in box 4950 as instructed. Here it can get interesting:

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

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

There may be exceptions however. Some parishes may have significant and specific management and administrative expenses, professional fees, etc.

You may also have expended funds on rental property that is not used for charitable purposes. For example, you may have a building that is solely a rental property that is not actually used in the course of your charitable work (using the net rental income doesn't count). Costs related to that property cannot be viewed as expenditures on charitable activities.

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

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

Record in Box 5050, the gifts to the Diocese and other qualified donees as mentioned earlier (C11) and as per your schedule.

Boxes 5060 and 5070 will rarely apply

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

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

SECTION F - Other Required Information: Read the questions and provide dollar figures where they apply.

F1 - Should be 0.

F2 - only if you hired a fund raiser will this apply

F3 - very rarely an issue and you will know if it applies

F4 - This detail around the tax receipts reported in Box 4500. Some of the points won't apply to your parish, so just fill in zeroes where that is the case.

(5600) refers to non-monetary gifts

(5610) does not apply

(5640) refers to gifts that are in the form of a trust - where capital is to be retained

F5 and F6 *are related and in some cases will apply*

F7 - in almost cases will be No

F8 and 9 would likely be No

F10 - if you have such property see the guide

Section G does not apply Section H is self explanatory.

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

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

Make sure all schedules are included (list of officers, donations to qualified donees) and put a bar code sticker on every document submitted with the Return.

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

DO NOT FORGET TO INCLUDE A COPY OF YOUR FINANCIAL STATEMENTS WITH THE RETURN. And put a bar code label on it.

You will receive in due course confirmation of the return being filed and a statement as to whether you have met your disbursement quota.

IMPORTANT NOTE RE DISBURSEMENT QUOTA

When it comes down to it, the primary reason we file our return is to ensure we have met our Disbursement Quota. The calculation of Disbursement Quota is getting more and more complicated. Fortunately, it is automatically done for you by the Charities Division, based on

the information you provided in the return. They will notify you of the result of their calculation

Charities **MUST** expend on their charitable activities:

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

There is also provision whereby charities must expend 3.5% of the value of their investment assets on charitable activities. Some of the new measures are coming into effect by 2008, but the return is now reflecting that eventuality.

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

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

NOTE: If their notice indicates you have not met your disbursement quota, it is important to follow up, as that would be a most rare occurrence and would likely be caused by an error in completing the return.
