



Community of Christ

To: Congregational Financial Officers,
Campground Treasurers
Mission Centre Financial Officers

From: Heather Huffman, Accounting and Administrative Specialist

Date: February 21, 2020

Re: Registered Charity Information Return for 2019
You are reporting LOCAL Income & Expenses ONLY

PLEASE NOTE IMPORTANT REMINDERS FOR YOUR 2019 T3010's. Congregational buildings/land should not be included on your local T3010 (lines 4050 and 4200.) All Canadian congregation building are reported on the Community of Christ Canadian Corporation T3010 and therefore they should not also be reflected on your local T3010.

If you have been including your building as an asset and the CRA contacts you to inquire why you are no longer reporting the property, you can respond with the following:

1. The Congregations do not own any property,
2. That the previously reported property values are already being reported on the balance sheet of Community of Christ (Registered Charity No: 129892659 RR0001) who is the owner of all the property in Canada as the CDN church,
3. That the congregation is an Associated Charity of Community of Christ.

Tax Guide for Completing the Registered Charily Information Return can be viewed on-line at <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/operating-a-registered-charity/t3010-charity-return-filing-information.html>

The above link also details a **NEW way to file your T3010 online**. Digital services were available as of June 1, 2019. If you are interested in this method, please contact the office.

Please take note of the highlighting in red. It has been noted that many are entering their congregation's loose change into the receiptable line 4500, which is incorrect, and it should be entered on line 4530. Please be sure to read this outline as well as the attached guide in order to complete your return correctly. If you have any questions please be in touch with the Canadian Headquarters at the number below, extension 23.

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You have until six months after your year-end to complete and submit your return. This means that if your year end is December 31, 2019, your return must be submitted to CRA by June 30, 2020. **Meaning CRA MUST have already received your return electronically or in the mail before due date.** *Remember to retain a copy of everything you send to CRA for your records as well as a copy to be sent to the Community of Christ Canadian Headquarters.*

Once you have completed the T3010-E Tax Return, please send a copy along with your Audited Financial Statements (Balance Sheet & Income Statement) to the Canadian Headquarters at the address in the footer. If you would like your tax form examined prior to mailing it to CRA please email or mail to the Canadian Headquarters and we will be happy to check it carefully and follow up with any changes or the okay to mail out the original.

For further inquiries and information you can call directly to the Charities Directorate at 1-800-267-2384 or visit <https://www.canada.ca/en/services/taxes/charities.html>

To maintain your status as a Charity *and to continue to provide income tax receipts to your donors* you must comply with the provisions of the Income Tax Act that apply to Registered Charities. CRA has initiated a series of penalties if you are late in filing or do not comply with the guidelines. The following should answer many of your questions. If you still have questions, please do not hesitate to call.

Note: Late filing or failure to file the yearly T3010 tax form will result in a **First Infraction** of \$500 penalty. **Repeated Infraction** of \$500 penalty and possibility charitable status will be revoked

BAR CODES:

Note that CRA is no longer sending barcodes, but they are still sending form TF725 which must be completed and sent back with your T3010 completed package.

WORKING COPY:

Do the preliminary work on your Working Copy – this is your record. Once you have filed your T3010 form you will receive a document from CRA entitled – “**Notice of Confirmation**”.

You can access all of required CRA forms as *fillable* or to copy at:

<https://www.canada.ca/en/revenue-agency/services/forms-publications/forms/t3010.html>

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TO ASSIST YOU IN COMPLETING YOUR T3010 E TAX FORM...

The following outline gives you the answers to each of the sections found in the T3010-E Charities Tax form along with changes that will affect your 2019 return.

- Section A – Identification
- Section B – Directors/Trustees
- Section C – Programme and General Information
- Section D – Financial Information (Short Form)
- Elements of Financial Statements
- Section E – Certification
- Section F – Confidential Data Other Required Information
- Schedule 1 – Foundations
- Schedule 2 – Activities Outside Canada
- Schedule 3 - Compensation
- Schedule 4 - Confidential Data
- Schedule 6 – Detailed Financial Information (in most cases NA)
- Schedule 7 – Political Activities (in most cases NA)
- T1236 E - Qualified Donees Worksheet
- T1235 E - Directors/Trustees & Like Officials Worksheet
- Calculating the Disbursement Quota...

SECTION A – IDENTIFICATION

It is very important that this section have complete and accurate information. **Note that CRA is no longer sending barcodes, but they are still sending form TF725 which must be completed and sent back with your T3010 completed package.**

Fiscal Period End ... 2019/12/31 or your year-end if different

BN/registration number 12989 2659 RR ##### (this is your RR number)

<i>Canada East Mission Centre business number</i>	<i>12989 2659 RR0002</i>
<i>Canada West Mission Centre business number</i>	<i>12989 2659 RR0042</i>
<i>World Accord's business number</i>	<i>118836030 RR0001</i>
<i>Erie Beach Campgrounds</i>	<i>129892659 RR0003</i>
<i>McGowan's Lake Campgrounds</i>	<i>129892659 RR0092</i>
<i>Noronto Campgrounds</i>	<i>129892659 RR0025</i>
<i>Ziontario Campgrounds</i>	<i>129892659 RR0089</i>
<i>Hills of Peace Campgrounds</i>	<i>129892659 RR0090</i>

A 1 (1510) “YES” Community of Christ 129892659 RR0001

A 2 (1570) “NO” [If the congregation has been *dissolved* then answer “YES”. You will then be required to do a Final T3010B along with a letter submitted from the Community of Christ Canadian Headquarters to CRA]

A 3 (1600) “NO”

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SECTION B - DIRECTORS/TRUSTEES AND LIKE OFFICIALS

- B 1 Complete the *DIRECTORS/TRUSTEES AND LIKE OFFICIALS WORKSHEET T1235* Confidential information will *not* be made public -- refer to the reverse side of this form for an explanation.

SECTION C – PROGRAMMES AND GENERAL INFORMATION

- C 1 (1800) “YES”
C 2 use this or similar OUTLINE for wording:
- ministry to congregation, home and hospital visiting ministries
- stewardship ministries, youth ministries, outreach ministries
- outreach ministries through use of facility
- pastoral care ministries & priesthood training / support
- important that you also include specific ongoing programs as well
- C 3 (2000) “YES” -**this includes your quota to Canada West or East Mission or campgrounds, unreceipted World Church loose offering**, gifts to World Accord; community charities. (If they are not a registered charity the gift is simply a donation and listed under Other Expenses on line 4920 of the Financial Information form)
- Complete the *QUALIFIED DONEE WORKSHEET T1236 E* listing the names of each qualified donee; address; BN/registration number; the total amount of the gift. The total of the Donee gifts must total the amount on line 5050 of the Financial Information form unless they are a non-charitable organization, then it would be added to line 4920
- C 4 (2100) “NO” as your contributions including World Accord are listed under Qualified Donee.
- C 5 (2400) “NO”
- C 6 Answer appropriately or “N/A” (e.g. 2530 Collection plates / boxes and 2560 Fundraising dinners) “YES” if applicable
- C 7 (2700) “NO”
Note that the meaning of honoraria on line 2770 would be payments to individuals who would be presenters who are not employees of the Church. (e.g. Peace Awards) Otherwise “NO”, thus making line 2800 “NO” as well.
- C 8 (3200) “NO”
- C 9 (3400) “NO” this does not include speakers “out of pocket” expenses.
- C 10 (3900) “NO” if yes, then complete question 2 on Schedule 4.
- C 11 (4000) “N/A” If YES, you must complete Schedule 5 to list a Fair Market Value (FMV) for the non-cash gifts (gifts in kind) or donated publicly-traded securities and stocks. FMV applies to any property or gift donated within three years of acquisition or acquiring.

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C12 (5800) "NO"
C13 (5810) "NO"
C14 (5820) "NO"
C15 (5830) "NO"

SECTION D – FINANCIAL INFORMATION (SHORT FORM)

(Complete if all of the 3 categories listed at the top of Section D do not apply to your charity, if so, then complete Schedule 6, Detailed financial Information, only)

D 1 (4020) Check which applies
D 2 (4050) "NO" Community of Christ (Registered Charity No: 129892659 RR0001) is the owner of all the property in Canada and records congregational buildings on their T3010
(4200 & 4350) Complete with total Assets and Liabilities
(4400) "YES or NO" depending on whether you have acquired a loan or not.
D 3 (4490) "YES" Complete lines 4500 to 4700 appropriately.
D 4 (4860-5010) Complete lines as appropriate. These amounts will be broken down further in your submitted Financial statements.
(5050) this amount must equal the amount listed on your Qualified Donee Worksheet T1236E
(5100) this line is equal to the addition of line 4950 and 5050

Elements of Financial Statements

Two Financial Statements must be submitted with your T3010 Tax Return. Both can be on one page.

- Balance Sheet which is a statement of Assets (Current & Fixed) and Liabilities (Current & Long Term)
- Income Statement which is a statement of Revenues and Expenditures.

Accurate record keeping either manual or electronically is important and necessary for proper accounting to the CRA and to your mission office. Refer to your copy of Retention of Congregational Records for a list of required record types and retention periods. Failure to maintain adequate books and records could result in suspension or revocation of charitable status.

SECTION E - CERTIFICATION

Usually the Congregation Financial Officer's or Pastor's signature

SECTION F – CONFIDENTIAL DATA

Complete as appropriate. Also complete the T3010 Registered Charity Information return checklist.

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SCHEDULE 1 - FOR FOUNDATIONS ONLY

NOT APPLICABLE - LEAVE BLANK

SCHEDULE 2 – ACTIVITIES OUTSIDE CANADA

Complete only if answer for C4 was “YES”

SCHEDULE 3 – COMPENSATION

Complete only if answer for C9 was “YES”

SCHEDULE 4 – CONFIDENTIAL DATA

Complete only if answer for C10 was “YES”

SCHEDULE 5 – NON CASH GIFTS

Complete only if answer for C11 was “YES”

SCHEDULE 6 – DETAILED FINANCIAL INFORMATION - These instructions are only for those charities that fall under one or more of the 3 categories listed at the top of Section D. In most cases only Section D (Short Financial Form) will be required. Assets that are five year long term investments are examples of not being used for charitable programs, therefore if over \$25,000, you would use this detailed form.

The following clearly outlines each line and indicates exactly what should be recorded along with some additions for this year’s return.

(4020) Check which applies

Assets / Liabilities

(4100) cash readily available at end of fiscal period (include cash in bank, short term investments like GIC’s bond notes, etc.)

(4110) N/A

(4120) N/A (unless applicable)

(4130) N/A

(4140) Include value of investments(bonds, notes) that will mature in one year or later

(4150 & 4155) N/A

(4160) N/A

(4165 & 4166) N/A

(4170 & 4180) N/A or Other Assets - see TAX GUIDE - Enduring property page 33

(4200) Total lines 4100 to 4170

(4300) N/A or mortgage

(4310) N/A

(4320) N/A

(4330) N/A

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- (4350) N/A
(4250) In most cases, this should be Nil

Revenue

- (4500) Enter the total amount of all gifts for which tax receipts were issued. DO NOT include your congregational loose change (see line 4530) or gifts received from other charities. (these would be noted on line 4510). If your congregation *receives a bequest and a charitable receipt is issued* include this amount on line 4500 as well.
- (5610& 4505) “NIL”
- (4510) enter gifts received from other registered charities (tax receipt should not be issued between charities)
- (4530) Enter the total amount of all your congregational loose change as well as all other gifts for which NO tax receipt was issued –*such as anonymous gifts, collection boxes*. DO NOT include fundraising on this line; it should be recorded on line 4630.

NOTE: *Do not include GST/PST rebates, these funds are yours and not to be recorded as Income on this tax form. (you will record them in your general ledger so you will be able to submit the GST rebate.)*

- (4540 – 4575) N/A
- (4580) enter the total interest from investments or bank and other investment income if redeemed.)
- (4590 / 4600) N/A
- (4610) income earned from rentals (eg. theatre groups, dance groups, seniors groups, etc.)
- (4620) N/A
- (4630) non tax-receipted revenue from gross fundraising activities (dinners, garage sales, etc.) [*not amounts reported on 4500*]
- (4640) N/A
- (4650) enter the total of all other revenue received not included in the amounts above and specify type of revenue in line 4655.

NOTE: *if you have received a re-imbusement for insurance payment include the funds on this line as ‘other income’ ... to follow through – expense it, enter the amount on line 4850 (occupancy costs) and on line 5000 (included in programming)*

- (4700) total lines 4500, 4510, 4530, 4570, 4580 & 4600 to 4650 --enter **total** on line 4700

Expenditures

- (4800) advertising and promotion includes publications, e.g. Heralds and other Church brochures (see GUIDE for details)
- (4810) accommodation and mileage allowance to the pastor or any other member enter on this line
- (4820) enter amount incurred for bank charges

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- (4830) NO entry *unless* required to pay a community ministerial association fee or you have purchased a licence for music/videos/etc.
- (4840) enter the total amount paid for office supplies and expenses.
- (4850) enter total amount paid for occupancy costs – this includes interest on mortgage payments, building loan and loan principle payments (see GUIDE for details) -- e.g. Utilities, custodial costs (cleaning & gardening), insurance, taxes etc.
NOTE: *include re-imburement of insurance payment on this line as well*
- (4860) professional accountant for your taxes or legal expenses
- (4870) development courses for members/priesthood/youth workers
- (4880) N/A - amount paid to employees ONLY
- (4890) items purchased/donated through use in charitable programmes, eg: books, small equipment, this amount should also be included in line 5000.
- (4891) total cost of all purchased supplies & assets that have not been capitalized
- (4900) N/A
- (4910) amount paid to Peace Award and other awards/gifts offered by the congregation
- (4920) total expenditures **not** included on the lines above. This line may include expenditures made to earn rental income if these can be segregated by the registered charity. List type on line 4930.

NOTE: If you are a congregation that pay quotas to US Missions ...these funds are an expense of the congregation. Include on line 4920, not 5050. The funds should be included in Schedule 2, line 200

- (4950) total expenditures **NOT including gifts to qualified donees**. Add lines 4800 to 4920 and enter the total on line 4950.
- (5000 – 5040) represent a breakdown of the expenditures on lines 4800 to 4920. The total of lines 5000 to 5040 should equal line 4950
- (5000) amounts spent directly on charitable programmes. This will count towards meeting the charity's DQ.
- (5010) legal, bookkeeping, accounting and bank charges
- (5020) amount on line 4950 that represents fundraising expenditures, e.g. rental of venue, equipment for event (see GUIDE for details)
- (5030) N/A
- (5040) N/A
- (5050) enter total expenditures to all gifts to qualified donees – *all quotas, gifts to World Accord, Campgrounds, etc as listed on your Qualified Donee Worksheet T1236 E(15)*. This amount also count towards meeting the charity's DQ
DO NOT include this amount in the breakdown on lines 4800 to 4920.
- (5100) TOTAL Expenditures - add lines 4950 and 5050 and enter the total on line 5100
- (5500 – 5510) this must be completed if your congregation has written permission to accumulate funds e.g. building funds
- (5500) current received contributions to that account

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- (5510) if you used funds from that account enter the amount used
(5750) N/A
(5900 – 5910) N/A - unless your charity has five year long term investments that exceeds the amount of \$25,000 and thus, are deemed as “not used for charitable purposes”.

SCHEDULE 7 – POLITICAL ACTIVITIES

Complete only if answer for C5 (2400) was “YES

Directors/Trustees Worksheet... Form T1235

Pastor, Financial Officer and Secretary are the Directors of a congregation, you don't need to list everyone.

ARM'S LENGTH...describes a relationship where persons act independently of each other and/or are not related in any way. For more information on arm's length, go to canada.ca/cra-forms, select Technical information, then Income Tax, see Income tax folios, select Series 1, then Folio 5 Transfer of Income, Property or Rights to Third Parties, and see Chapter 1 Related Persons Dealing at Arm's Length.

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Calculating the Disbursement Quota

Complete the DQ worksheet in the GUIDE

FOR YOUR USE ONLY

A registered charity must spend a specific amount each year on charitable programmes or as gifts to qualified donees. This amount varies according to a registered charity's designation and is called its' "disbursement quota". The purpose of the disbursement quota is":

- To ensure that most of the registered charity's funds are used to further its charitable purposes and activities;
- To encourage registered charities not to accumulate excessive funds; and
- To keep other expenses at a reasonable level.

To help registered charities plan their expenditures, the quota is largely based on what happened in previous years. Consequently, at the end of one year, a registered charity should have a fair estimate of how much it will need to spend on its charitable programmes the following year.

CRA will calculate your disbursement quota based on the information provided in the registered charity's returns and will provide this calculation to you in a *Registered Charity Information Return*

Summary. However, as part of your registered charity's planning process, calculate your disbursement quota before receiving CRA's calculation. **Do NOT file this worksheet with the return.** Refer to the Glossary in the GUIDE for details.

Completing Form T1259, Capital Gains and Disbursement Quota Worksheet

Step 2 – Calculating the disbursement quota requirement for the fiscal period covered by the return

This will help you determine your disbursement quota requirement for the fiscal period.

- The eligible amount of tax-receipted gifts in the preceding fiscal period;
- The amount deemed to be a tax receipted gift in the preceding fiscal period;
- Enduring property spent in the fiscal period;
- Enduring property transferred to qualified donees in the fiscal period; and
- Amounts received from other registered charities in the preceding fiscal period.

The second part of the calculation is based on the charity's 3.5% disbursement quota requirement on property held by the charity and not used for charitable activities or administration.

The second part of the calculation applies only if the value of the property held by the charity exceeds \$25,000. If the average value of the property is \$25,000 or less, the value of the

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property is deemed to be nil (line 30). This requirement is extended to registered charities that are designated as charitable organizations.

In addition to the 80% of receipted donations of the prior year, you will be required to include 3.5% of your investment each year in the calculation of the disbursement quota.

Step 3 – Calculating whether the registered charity met its disbursement quota requirement

This part of the disbursement quota helps a charity determine the amount spent by the charity during the fiscal period for purposes of the disbursement quota.

The amounts a charity can include in meeting its disbursement quota requirement include:

- Amounts spent on charitable programmes;
- Enduring property transferred by way of gift to qualified donees;
- The amount of property accumulated during the fiscal period; and
- The special reduction amount approved for the fiscal period

A charity has met its disbursement quota requirement where its charitable expenditures for the fiscal period meet or exceed its disbursement quota requirement (i.e. the amount at line 48 equals or exceeds the amount of line 47).

Step 4 – Estimating the disbursement quota requirement for the next fiscal period

This step is an estimate of the registered charity's disbursement quota for the next fiscal period.

The first part of the calculation for next year is based on:

- The eligible amount of tax-receipted gifts in the current fiscal period;
- The amount deemed to be a tax receipted gift in the current fiscal period; and
- Amounts received from other registered charities in the current fiscal period

The second part of the calculation applies only if the value of the property held by a charity exceeds \$25,000. It is based on the charity's 3.5% disbursement quota requirement on property held by the charity and not used for charitable activities or administration.

This part of the calculation applies only if the value of the property held by a charity exceeds \$25,000. Where the average value of property is \$25,000 or less, the value of the property is deemed to be nil. The 3.5% disbursement quota requirement is extended to registered charities that are designated as charitable organizations. However, charitable organizations that were registered before March 23, 2004, will not be subject to this requirement until their fiscal periods that begin after 2008.

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If you receive funds from another charity, this applies to you. A percentage of funds you receive from other registered charities must be spent on charitable activities or as gifts to Qualified Donees

(QD) Previously, this requirement only applied to foundations. Now, it also applies to charitable organizations (with some exceptions).

If you have investments, outside those for which CRA has given permission to accumulate, this applies to you. A percentage of the value of your property not being used on charitable activities or administration (e.g. investments) must be spent on your charitable activities or as gifts to QDs.

Note: Step 4 does not account for enduring property spent in the next fiscal period or transferred to qualified donees.

Keeping track of disbursement excesses

The purpose of this table is to help a registered charity keep track of the charity's disbursement excess.

The first two columns list the excesses by the year in which they occurred. The middle column identifies which disbursement excesses the charity is using, in whole or in part, to compensate for a disbursement shortfall in this fiscal period. The right-hand column reports the unused excesses still available for future years.

Because any particular year's excess is only available for five years, a charity that is drawing on its excesses should use up its oldest excesses first.

Disbursement Quota (DQ)... CRA will calculate the congregation's DQ based on the information provided in this return. They will forward this calculation to you in a notice of confirmation. You should do your own calculations (see work sheet "Capital Gains and Disbursement Quota Worksheet" in the Guide) to ensure CRA has calculated the excess on short fall correctly..

The Income Tax Act requires that every charity keep books and records at a fixed address in Canada.

Books and Records generally include: governing documents, constitution & by-laws, annual reports, board & staff meeting minutes, ledgers, bank statements, expense accounts, purchase vouchers, inventories, contacts, investment agreements, official donation receipts, accountant's working papers, payroll records, promotional materials, fundraising materials, financial statements.

Books and records must:

- ✓ reflect the activities of the charity
- ✓ permit the verification of all charitable donations received
- ✓ be supported by source documents
- ✓ be in one of Canada's two official languages

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