



COMMUNITY
FOUNDATIONS
OF CANADA

RESOURCE MANUAL

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Community Foundation Regulatory Checklist

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Community Foundation Regulatory Checklist

The Checklist provides a guide to the legal and fiscal requirements for community foundations. It explains your obligations under Canada's Income Tax Act and the criteria important to the health of your organization, especially those that can affect your registered charity status.

	YES	NO	NOT SURE	NOT APPLICABLE	FOR MORE INFORMATION
Filing Your T3010 Registered Charity Return					
You have checked that you are a registered charity on CRA's Charities Listing					CRA's Charities Listing http://www.cra-arc.gc.ca/chrts-gvng/lstngs/menu-eng.html
You know the date of your fiscal year end					See previous T3010 or CRA listing at: http://www.cra-arc.gc.ca/chrts-gvng/lstngs/menu-eng.html
You know when to file your T3010 and file it on time					http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/rtrn/t3010vrw-eng.html
You know who is responsible for filing the T3010 in your organization					
You are up to date with your T3010 filings					http://www.cra-arc.gc.ca/chrts-gvng/lstngs/menu-eng.html
CRA has your correct contact information					See CRA listing http://www.cra-arc.gc.ca/ebsi/haip/srch/advancedsearch-eng.action
Ensuring Your T3010 is Correct and Complete					
You are using the correct form					http://www.cra-arc.gc.ca/E/pub/tg/t4033/README.html
You complete all required information on the T3010					http://www.cra-arc.gc.ca/E/pub/tg/t4033/t4033-16e.pdf
You attach all required documentation when you file your T3010-13, such as financial statements and the Qualified Donee Worksheet					http://www.cra-arc.gc.ca/E/pub/tg/t4033/README.html

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You have had your accountant and/or board members review the T3010 before it was filed					This is not required but it is a good practice to increase the likelihood of the T3010 being accurate. Changes in the 2012 Federal Budget allow CRA to suspend receipting privileges of a charity if their T3010 filing is incomplete.
After filing the T3010 you have checked your T3010 online to ensure accuracy					See CRA Charities Listing at: http://www.cra-arc.gc.ca/chrts-gvng/lstngs/menu-eng.html
You have checked that you have not made some of the most common mistakes with the T3010					http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/rtrn/mstksbeng.html
Donations					
You only provide official donation receipts for 'gifts' when appropriate					See definition of 'gift' http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/gfts/whts-eng.html
You only provide receipts for donations to your organization (you do not act as a conduit or lend your registration to another organization such as a non-profit or foreign charity)					http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/rcpts/menu-eng.html
You understand the 'split-receipting' rules and ensure that any 'advantage' is subtracted from the amount of the donation to determine the eligible amount of the official donation receipt					http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/rcpts/splt-eng.html
You have reviewed CRA's sample receipts and compared your own receipts to the sample					You can review CRA's sample receipts at: http://www.cra-arc.gc.ca/chrts-gvng/chrts/pbs/rcpts-eng.html
All mandatory information is included on the official tax receipts					You can review CRA's checklist Issuing complete and accurate donation receipts: http://www.cra-arc.gc.ca/chrts-gvng/chrts/chcklst/rcpts-eng.html
Your foundation locks away your receipt book or uses a secure password on any computer or program that produces official donation receipts					

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Does the foundation know that all receipts must now include the name and website address of the CRA					You can review CRA’s sample receipts at: http://www.cra-arc.gc.ca/chrts-gvng/chrts/pbs/rcpts-eng.html
Your foundation maintains tight controls over who can issue and sign official receipts in order to avoid the issuance of improper or fraudulent tax receipts					

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<p>You are aware of the transactions that generally do not qualify as gifts and therefore no tax receipt is issued? For example:</p> <ul style="list-style-type: none">• A court ordered transfer of property to a charity;• The payment of a basic fee for admission to an event or to a program;• The payment of membership fees that convey the right to attend events, receive literature, receive services, or be eligible for entitlements of any material value that exceeds 80% of the value of the payment;• A payment for a lottery ticket or other chance to win a prize;• The purchase of goods or services from a charity;• A donation for which the fair market value of the advantage or consideration provided to the donor exceeds 80% of the value of the donation;• A gift in kind for which the fair market value cannot be determined;• Donations provided in exchange for advertising/sponsorship;• Gifts of services (for example: donated time, labour);• Gifts or promises (for example: gift certificates donated by the issuer, hotel accommodation);• Pledges;• Loans of property;• Use of a timeshare; and• The lease of premises.					

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Your foundation has signed agreements in place for all funds					CFC's Tips and Tools provide a template for fund agreements: http://communityfoundations.ca/wp-content/uploads/2016/03/Deed-of-Gift-Template_2016.pdf
Acting Outside Legal Objects					
You periodically review the legal objects in your foundation's letters patent, supplementary letters patent/articles of incorporation, trust deed or constitution to ensure all the activities of your charity are within your legal objects					
Are the legal objects exclusively charitable in nature					
Has the foundation ensured that its charitable activities are being undertaken in accordance with its charitable objects					
If activities are outside the scope of your objects you have discontinued those activities or decided to modify your objects					
If you are modifying your legal objects, for example by filing a supplementary letters patent, you have first discussed with CRA the changes and secondly provided CRA with a copy of the supplementary letters patent					
Qualified Donees					
You know what a 'qualified donee' is					See CRA's definition: http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/qlfddns-eng.html

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You have an understanding of the rules relating to community foundations working with non-qualified donees					See Better Together Guide in CFC’s Resource library: http://communityfoundations.ca/wp-content/uploads/2016/06/Better_Together_2015.pdf and related webinar: https://www.youtube.com/embed/IcHN_e4yahU
You have a disbursement or spending policy in place before the funds are distributed					See CFC’s Policy Template Manual: http://communityfoundations.ca/wp-content/uploads/2008/11/Key-Policy-Template-Manual-2016-Final.pdf
You have an application process that describes the activities, budget and evaluation process					See CFC’s Grantmaking Toolkit for Canadian Community Foundations: http://communityfoundations.ca/wp-content/uploads/2006/11/FDNDEV_Manual_Grantmaking.pdf
You have a grant agreement in place before the funds are distributed					
You properly track activities for reporting to donors and CRA					
If you provide grants to organizations or individuals that are not qualified donees you have a “structured agreement” in place					See Better Together Guide in CFC’s Resource library: http://communityfoundations.ca/wp-content/uploads/2016/06/Better_Together_2015.pdf and related webinar: https://www.youtube.com/embed/IcHN_e4yahU
Fundraising Costs and Practices					
Your foundation has read and understands the CRA’s Guidance <i>Fundraising by Registered Charities</i> (April 2012)					CRA’s Guidance <i>Fundraising by Registered Charities</i> http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/fndrsng-eng.html

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You do not engage in any prohibited activities as outlined in the CRA's Guidance <i>Fundraising by Registered Charities</i>					http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/fndrsng-eng.html
You appropriately allocate fundraising expenditures according to the CRA's Guidance <i>Fundraising by Registered Charities</i>					http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/fndrsng-eng.html
You follow best practices as outlined in the CRA's Guidance <i>Fundraising by Registered Charities</i>					http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cgd/fndrsng-eng.html#N108B0 and Imagine Canada's: http://www.imaginecanada.ca/files/www/en/ethicalcode/ethical_code_handbook_en.pdf
Disbursement Quota					
As a charitable organization you will need to annually expend a minimum of 3.5% of the average market value of all assets not currently used in charitable programs or administration, if these assets exceed \$100,000 for charitable organizations or \$25,000 for public or private foundations. This for example covers reserves, endowments, investment, buildings owned by a charity but not used in charitable programs or administration.					See CRA's note on disbursement quota reform: http://www.cra-arc.gc.ca/chrts-gvng/chrts/chcklsts/dqb-eng.html
You review your Registered Charity Information Return Summary received from the CRA after filing your T3010 to verify your estimated disbursement quota.					
Transactions with Directors					

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If your charity operates in Ontario, it does not have any transactions with directors or pay any amounts to directors except for reimbursement of reasonable out-of-pocket expenses related to the work of the charity, unless authorized by court order					See “5. Duty to Act Gratuitously” at http://www.attorneygeneral.jus.gov.on.ca/english/family/pgt/charbullet/bullet3.asp
If your charity operates in Canada, but outside of Ontario, it is careful about any transactions that it enters into with directors to ensure that there is no undue private benefit or conflicts of interest					http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/csp/csp-d10-eng.html
Employment					
Your “independent contractors” really are independent contractors and not employees					See CRA publication Employee or Self-employed? http://www.craarc.gc.ca/E/pub/tg/rc4110/
Your charity is deducting appropriate amounts of CPP, EI, and income tax and remitting them to CRA					
You have agreements with all employees and independent contractors that cover off at least termination, confidentiality and intellectual property					http://communityfoundations.ca/resource-library/talent-and-leadership/ and http://hrcouncil.ca/hr-toolkit/home.cfm
Compensation is appropriate and no greater than fair market value					http://hrcouncil.ca/hr-toolkit/home.cfm
Keeping Adequate Books and Records					
Your foundation maintains adequate books and records as defined by CRA					Books and Records Checklist at: http://www.cra-arc.gc.ca/chrts-gvng/chrts/chcklsts/bks-eng.html
You keep books and records at an address in Canada that is on file with CRA					

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Your foundation undergoes an annual, independent financial audit or review. The CRA recommends that charities file audited financial statements if their gross income from all sources is more than \$250,000. The charity's treasurer should sign any financial statements that have not been professionally prepared					http://www.cra-arc.gc.ca/chrts-gvng/chrts/prtng/rtrn/fnncl-eng.html
You keep records for the prescribed period of time for each record					http://www.cra-arc.gc.ca/E/pub/tp/ic78-10r5/README.html
You maintain copies or backups of all key documents at a separate site					
Electronic documents are backed up regularly and also stored off site					
You have easy access to governing documents (incorporating documents, constitution, trust document), bylaws, financial statements, copies of official donation receipts, copies of T3010, written agreements, board and staff meeting minutes, annual reports, ledgers, bank statements, expense accounts, inventories, payroll records, promotional materials, and fundraising materials					
You keep source documents (e.g. invoices, vouchers, work orders, delivery slips, purchase orders and bank deposit slips)					

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Maintaining Legal Status					
If your foundation is a federal corporation, it is in good standing with Industry Canada? If it is provincial it is in good standing with the appropriate provincial corporate registrar and have filed the necessary corporate returns					http://www.cra-arc.gc.ca/chrts-gvng/chrts/chcklsts/lgl-eng.html and for a list of provincial corporate registrars: http://www.cra-arc.gc.ca/chrts-gvng/chrts/prvnsc/menu-eng.html
Do you have copies of the letters patent, supplementary letters patent and by-laws for the organization?					
Are the objects/purposes of your organization up-to-date and relevant for the current work of your non-profit?					In some cases, it may make sense to update the organization's objects as part of the corporate changes. It is important to remember that all registered charities will need to ask CRA for preapproval of these revised objects, which can take months, so this is an example of something that you may wish to start sooner rather than later.
Do you know who your members are and do you have an updated list?					
Do you have a current list of directors and officers?					
Are you up-to-date in the corporate filings for your organization?					If not, you may want to do arrears in filings.
Is your foundation involved in political activities within CRA limits?					http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/cps/cps-022-eng.html
Is your foundation involved in related business activities within CRA guidelines?					http://www.cra-arc.gc.ca/chrts-gvng/chrts/plcy/csp/csp-r05-eng.html
Your foundation is aware of recent anti-terrorism and money laundering legislation					http://www.cra-arc.gc.ca/chrts-gvng/chrts/ntrntnl-eng.html

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Basic Risk Management					
Your foundation is aware of its governance risks, operational risks, financial risks, external risks, and the importance of complying with the law					http://sectorsource.ca/managing-organization/finance-and-administration/risk-management
Your foundation has adequate internal financial controls in place to prevent misuse of charitable assets					
Your foundation has asked and analyzed the risk that it faces and has an informal or formal risk management plan which considers what risks will be assumed, what will be eliminated, how to reduce risk associated with certain activities and transference of risk by insurance or outsourcing					http://sectorsource.ca/managing-organization/risk-management/risk-management-basics
Your foundation maintains appropriate insurance					Check out CFC's Tips and Tools: http://communityfoundations.ca/wp-content/uploads/2016/12/Directors-Officers-Insurance-Tips-and-Tools_2016.pdf
Governance					
Your board of directors is aware of its basic responsibilities					http://sectorsource.ca/managing-organization/board-governance and CFC's Foundation Essentials resources: http://communityfoundations.ca/resource-library/foundation-essentials/
An independent audit committee been established to review financial statements and the auditors' report					

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There is adequate communication of board responsibilities to existing, new and future board members					http://sectorsource.ca/managing-organization/board-governance and CFC's Foundation Essentials resources: http://communityfoundations.ca/resource-library/foundation-essentials/
The Board meets on a regular basis with all directors in regular attendance					
Individuals who are authorized to enter into contracts as signing officers on behalf of the foundation are clearly identified in their officer capacity instead of as individuals					
Your foundation obtains appropriate professional advice from lawyers, accountants, insurance agents etc. when required					
Your foundation has key policies and procedures in place					See CFC's <i>Key Policies for Canadian Community Foundations</i> : http://communityfoundations.ca/wp-content/uploads/2008/11/Key-Policy-Template-Manual-2016-Final.pdf

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Resources to check out:

1. Canada Revenue Agency free e-mail newsletter: <http://www.cra-arc.gc.ca/chrts-gvng/chrts/cmmnctn/nwslttrs/menu-eng.html>
2. Imagine Canada's Charity Tax Toolkit: <http://charitytax.imaginecanada.ca/>
3. Legal websites:
 - a. Mark Blumberg's Canadian Charity Law: www.canadiancharitylaw.ca
 - b. Carters and Associates: www.charitylaw.ca
 - c. MillerThomson: <http://www.millerthomson.com/en/publications/communiques-and-updates/social-impact-newsletter-formerly-the/>
4. Techsoup Canada: <http://www.techsoupcanada.ca/> A resource for IT needs for nonprofits. Offers discounted software to charitable organizations.
6. HR Council for the Nonprofit Sector: <http://communityfoundations.ca/our-work/nonprofit-talent/> Tools for Human Resource management for nonprofits. HR Management toolkit, templates and trends & issues are featured.

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