

Guidelines for BC MB Churches CRA Application to Register a Charity under the Income Tax Act T2050

Introduction

Answer the questions that are using these suggestions.

Please submit your completed application to the BC Conference office for review BEFORE sending it in to CRA for approval.

You can also consult the CRA guide to registering a charity for income tax purposes – at our website www.bcmb.org/t2050.html for more helps and explanations on the questions.

Part 1 – Identification of organization (church) applying

<Q1> Enter the name of the Church or the name that you intent to use

<Q2> & <Q3> check N/A

<Q4> Enter payroll number (RP #) if you already have one. Check N/A if not.

<Q5> Enter the mailing address of the church (this may be a pastor/director's house in the beginning)

<Q6> NO

<Q7> All new churches would say NO here

Part 2 – Organizational Structure

<Q8> Internal division is **"YES"**

- a.) Legal name of parent: The British Columbia Conference of the Mennonite Brethren Churches
- b.) BIN # is 132154675 RP0098
- c.) Letter of Good Standing – is an attachment and we will prepare this letter for you on our letter head

<Q9> Governing Documents:

- Probably will be NO here. **and go directly to Q9.2 and only mark the answers you can support with documents.**
- If you have applied and received Society status from the Provincial Government Registrar of Companies then your answer is <Yes> and complete and support Q9.1

<Q9.1> complete a.) and b.) and c.) as they apply

<Q9.2> a.) Check Constitution box only

<Q10> Designation

- a.) a.) NO - A Church is not formed for the purpose of giving away 50% to other charities
- b.) Should be the second box checked - Percentage of Directors (officials) at arms length should be less than half. This refers to couples on the leadership team (aka Directors). If there are two sets of couple in a team of 5 that would then be more than 50%.
- c.) Say NO and then 1,2 and 3 do not need to be answered.

Part 3 – Activities of the Organization
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<Q11>

- a) Purposes and activities –(**note:** *the example of what they are looking for is given – however, keep in mind that what you put here will determine what you can receipt for. A suggestion is to make your statements broad enough to allow you to adapt your ministry to current needs etc and still stay true to the mission. This section must also reflect what your bylaws state so keep that in mind as well. There are only 4 charitable purposes accounted for in Canadian law and they are: Relief of poverty; advancement of education; advancement of religion and purposes beneficial to the community. It is import to stress how your purposes and activities are going to positively impact the community and spread the gospel simultaneously.*)
- b) Probably YES – unless you are applying before you even have a core group set up.
- c) Foreign activities answer is probably NO. If you say YES- then you need to provide very specific details and be prepared to have agency agreements that you can register with CRA. IF you are doing regular Missions trips that are controlled and operated by your church in foreign countries, then explain that here. This means that your people are going there to do the work and their expenses are paid through the church.
- d) ATTACH – minutes, promo materials, bulletins, etc.

<Q12> Fundraising activities

- a.) Method and frequency. This is where you list that you take offerings every Sunday at as part of your worship services, mention any fundraising meals or events that you have. See the examples they give. It is import to mention that this is done by volunteer and no fundraising organization has been hired or contracted.
- b.) This would be NO
- c.) Non-cash gifts are also known as gifts in kind. Probably say NO as this is for things like furniture, chairs, sound and AV equipments etc where you will give a receipt in exchange for an invoice or a fair market appraisal and it would NOT be a regular thing. In the year when you do get something, you report it on your tax return.
- d.) Tax shelter would be NO.

<Q13> Revenues from the sale of goods, services, or use of assets. In most cases when you are first applying the answer is NO. This may change as you gather assets (such as a bus) or run a book store etc, but then you report that for the year it happens. That is not in your original purpose.

- a.) This would be blank if the answer was NO above.

- b.) This would be blank if the answer was NO above
- c.) This would be blank if the answer was NO above, but if you were to put something the ideal would be to use volunteers (such as a volunteer bus driver)

<Q14> Political The answer is NO

<Q15> Answer would be NO unless you are purchasing something (like land) from a staff or board member or ever intend to do so. (this could be a conflict of interest – so you should have a conflict of interest policy for your leadership team)

<Q16> Ownership

- a.) Shares – the answer would be NO in almost every case.
- b.) Property – the answer would be NO especially when you are just starting out. This does not mean that you cannot own land/buildings later. You just need to ask permission to gather the funds first if you intend to fundraise for land/building over more than one fiscal year.

<Q17> Financial Information - Proposed budget – Projections are made to the best of your knowledge based on an understanding of your church's real costs and giving abilities.

- If you have been operating your own bank account for a year before this application, then attach a financial statement and mark : attached
 - State the fiscal year end. When you are starting it is usually 12 months from the start or in the first year it could be Dec 31 of that year whatever you decide and it must be recorded in your organization minutes. (You can change your fiscal year only after written approval from CRA)
- a.) Revenue – (gifts from other registered charities is where you list if you will receive a subsidy from us – BC Conference of MB Churches BIM# 132154675RR0098 or if your "mother" church is supporting you directly (get their number)
- b.) Expenditures –
- this is important to match this to what you answered in Q11 a and c,
 - gifts to qualified donees would include your support of BC Conference Ministry Commitment or Church Planting BC support and use the same number as indicated in revenue(above)
 - Include MBMSI or any other organization you know you will support as a church. You can find the BIN # on the CRA charity web site.
 - Management salaries for a pastor are usually included in the ministry because the ministry would not happen without a paid staff directing it. Management salaries are secretaries and custodians and then only a portion of those salaries. This is difficult to describe succinctly but a formula works well here as long as you are consistent with it even in your T3010 reporting. Anything you put here will be compared to the T3010 report and large deviations will be questioned.
- c.) Revenue and expense outside Canada. In most cases NO for both. Unless you put details into 11c.)
- d.) Assets and Liabilities are approximate amounts.

Part 5 – Information about the Organizations officials

<Q18> You will need to complete public and confidential information for each “director” or person on the leadership team. There should be a minimum of four people and they should not be related to anyone else in this grouping if at all possible. Occupations and birthdates must be completed or the application is returned.

<Q19> Location refers to the office space.

<Q20> Location of Books and records would be the pastor or the treasurer’s address if there is no church office.

<Q21> This is usually the person completing the application or the pastor.

Part 7 – Final Steps and certification

Look over the enclosure checklist and make sure you have included the required materials

Complete Certification section, please have TWO people sign, usually they are two of those listed in part 5, Q18

NOTE: When your document is complete and all your attachments are assembled, make a copy for yourself and then send this package to the Conference office for review. We will keep one copy for our records of your church and we will mail it for you. Your return address will be on it and you will get any correspondence from CRA to the address you list in Q21. Some of the attachments listed in the checklist such as the Good standing are prepared on the BC Conference letterhead and signed by the Conference Minister and Director of Administration.