

Your Guide to Applying To Be a Registered Charity

This guide has been prepared by Volunteer Manitoba to help you with the process of applying to the Canada Revenue Agency (CRA) to be a registered charitable organization. It will provide information to help you decide whether becoming a charitable organization is best for your organization. It will discuss charitable purposes, and the other sections of the charitable application form (there are seven sections).

This guide will not cover topics that may arise once your organization becomes a registered charity, such as operating requirements, compliance, filing annual T3010 forms, and/or audits.

Introduction

Registered charities and not-for-profit organizations are similar in that they operate to help individuals, groups or causes. A charity is an organization that is created and “resides” in Canada. It must use its resources for charitable activities, and have charitable purposes that fall into categories specified by the Canada Revenue Agency (CRA).

Terminology

Non-Profit Organization (Manitoba) is defined by the Manitoba Companies Office as an organization which is created with the intention to not make personal profits. It is formed for non-commercial purposes, for example, to perform community work or to establish a social or athletic club. Any profit that is made is used to further the goal or undertaking of the organization. Profits must not be used by the individuals involved for their own personal financial gain.

- ***Grassroots Not-for-profit*** is a not-for-profit that has not been incorporated. It is usually more informal than an incorporated organization. It may or may not have paid staff.
- ***Incorporated Not-for-profit*** is an organization that has been incorporated as a non-share non-capital corporation. Organizations can be incorporated under either provincial or federal jurisdiction. Organizations incorporated provincially follow the [Corporations Act of Manitoba](#), organizations incorporated federally follow the [Canada Not-for-Profit Corporations Act](#).

Non-Profit Organization (NPO) (Federal) is defined by the Canada Revenue Agency as an association, club, or society that is operated exclusively for social welfare, civic improvement, pleasure, recreation, or any other purpose except profit. It is not a charity. No part of the organization's income can be payable to or available for the personal benefit of any proprietor, member, or shareholder, unless the recipient is a club, society, or association whose primary purpose and function is to promote amateur athletics in Canada.

Refer to the [Income Tax Guide to the Non-Profit Organization \(NPO\) Information Return](#) website for more information.

Charity is a not-for-profit that has applied for and been registered as having charitable status by the Canada Revenue Agency. The Charities Directorate will designate successful applicants as a charitable organization, a private foundation, or a public foundation. The Directorate bases its designation on information included in the Application.

A charitable organization's purpose must fall within four general categories:

1. Relief of poverty
2. Advancement of education
3. Advancement of religion
4. Other purposes beneficial to the community in a way the law regards as charitable.

Refer to [What is the difference between a registered charity and a non-profit organization](#) for more details.

Refer to [Types of registered charities](#) to learn the difference between a charitable organization, public foundation and private foundation.

Refer to [Charities and giving glossary](#) for a comprehensive list of technical terms related to charities. Pay particular attention to the follow terms:

Arm's length * Charitable organization * Charities Registration (Security Information) Act * Charity Registration Number * Directors/trustees * Disbursement Quota (spending requirements) * Eligible done * Fiscal Period * Governing Documents * Official donation receipt / Tax receipt.

Should I Apply to Become a Registered Charity?

Before completing an Application to Register a Charity under the Income Tax Act, you will want to consider if registration is right for your organization. There are advantages to registration, but with registration comes additional obligations.

To help you make a decision about registration, CRA has developed an [online quiz](#).

Advantages to becoming a registered charity include:

- Issuing official donation receipts for gifts it receives
- Exemption from paying income tax
- Eligible to receive gifts from other registered charities
- Increased credibility in the community; and

- Many goods and services provided by registered charities are exempt from GST, plus in many situations, registered charities can claim a partial rebate for the GST they pay.

The main **obligations** of a registered charity are to:

- Devote its resources (funds, personnel, and property) to its charitable purposes and activities
- File its annual Form T3010, Registered Charity Information Return, within six months of its fiscal year-end
- Meet its annual spending requirement (disbursement quota)
- Keep adequate books and records in Canada, and make them available for review by the Canada Revenue Agency on request
- Make sure that official donation receipts are complete and accurate when issued
- Control and direct the use of all its resources (funds, personnel, and property)
- Maintain its status as a legal entity

Refer to the CRA's [Advantages of registration](#) and [Obligations of registration](#) webpages for more details.

There are consequences if you are not meeting the obligations of registration. Refer to the CRA's [Consequences of not meeting the obligations of registration \(non-compliance\)](#) for more information about how CRA will act if there is non-compliance.

Refer to Imagine Canada's [Implications of becoming a charity](#) for more information to help you decide if becoming a charity is the best decision.

Refer to Imagine Canada's [Alternatives to becoming a charity](#) to explore other possible ways to achieve your goals.

Before Applying for Registration

Are you Charitable?

To qualify for registration as a charity, an organization must:

- Be resident in Canada;
- Be established and operated for charitable purposes; and
- Devote its resources (funds, personnel, and property) to charitable activities

When CRA reviews an application for registration, they look at the organization's purposes and activities; **both are equally important**. An applicant with charitable purposes but lacking a clear description of its charitable activities will be denied registration. Similarly, an applicant with clearly charitable activities but that is not established for exclusively charitable purposes will also be denied. Furthermore, an applicant's activities must relate to its purposes. If they do not relate, the application will be denied.

Charitable Purposes

The organization's purpose must fall within one or more of the following categories:

- relief of poverty
- advancement of education
- advancement of religion
- certain other purposes that benefit the community in a way the courts have said is charitable

For more information refer to [Charitable purposes](#) webpage.

Charitable Activities

Activities are your organization's programs or the things you do to accomplish your purposes. Charitable activities are activities carried out to fulfill a charitable purpose. Without a charitable purpose, your organization cannot have charitable activities.

For more information refer to [Describing your activities](#) webpage.

Public Benefit Test

To be registered as a charity, your organization's purposes and activities must also meet a public benefit test. To qualify, your organization must show that:

- its purposes and activities provide a measurable benefit to the public
- the people who are eligible for benefits are either the public as a whole, or a significant section of it (the beneficiaries cannot be a restricted group or one where members share a private connection - this includes social clubs and professional associations)

For more information about the public benefit test, refer to CRA's [Guidelines for registering a charity: Meeting the public benefit test](#).

Establish Your Governing Documents

A governing document gives an organization its legal existence. In general, registered charities must be legally established by a governing document such as:

- letters patent
- articles of incorporation
- a constitution
- a trust document

When an organization applies for registration, it must provide a complete and legible paper copy of its governing documents, which may include bylaws. It must also include a copy of any amendments made to the governing documents (for example, supplementary letters patent, articles of amendment, or special resolutions).

Refer to [What is a governing document](#) for more details about the requirements for these governing documents.

Factors that prevent registration

During the review process, the CRA will examine both the **purposes and activities** of your organization. The following factors will prevent an organization from being registered as a charity:

- non-resident organizations
- purposes that are not charitable at law
- gifting to organizations that are **NOT** [qualified donees](#)
- personal benefits
- private benevolence
- activities that support or oppose a political party or candidate
- business activities
- activities that are illegal or contrary to Canadian public policy

Refer to [Factors that will prevent an organization from being registered as a charity](#) for more details.

Completing the Application

Create a checklist

If you have made an informed decision that registration is right for your organization, create a personal application document checklist of all the documents you need to send with your application. Refer to the CRA's online questionnaire [Create an application document checklist](#) in which the answers will generate a personal checklist for your specific application.

By following your personal application check list, you will know what documents will be sent with your application for registration, so you avoid having the CRA return your application because it is incomplete.

Establish your governing documents

The Charities Directorate will not review applications submitted with draft governing documents. These applications will be treated as incomplete and returned to the applicant. To submit a complete application, you must include current governing documents.

Gather other required documents

In addition to your governing documents, you may be required to submit other documentation such as pamphlets, agreements, and financial statements. Have these documents ready in a format that you can upload to the online application form.

Prepare detailed description of purpose and activities

When submitting your application you must give detailed and real plans for your current and proposed activities and show that they further its charitable purposes. Failing to provide enough information, or failing to show that it devotes all of its resources to activities that further its charitable purposes are grounds to deny registration.

Prepare a complete description, in detail, of the activities to be carried out in support of each of your organization's stated purposes. Your charitable purposes come from your governing documents. You will be asked to name the activity, describe it, answer specific questions about it, and provide any supporting documentation. This may include minutes of meetings, newspaper articles, videos, fundraising materials, brochures, pamphlets, and other items that describe your organization's work and purposes.

When describing a charitable activity, keep the following points in mind:

- what you want to achieve

- how you're doing it – detailed plans
- who the beneficiaries are and how they are selected
- any fees charged
- frequency and length of the activity
- involvement of employees and volunteers
- how you maintain direction and control over activities and resources
- other logistics (transportation, facilities, etc.)

Refer to CRA's [Describing your activities](#) for more details on their expectations and an example of an activity description.

Establish access to the online application form

The online application form is accessed through the CRA's My BA portal. To log in you must have a business number (BN) or a pending Revenue Register (RR) number. If your organization is incorporated, use its business number.

If your organization is not incorporated, visit [Business Registration Online – Register](#) to register for a charity program account. You may be required to provide personal and organization information to complete this online form.

Review tips for completing the application

As you complete the online form, you can make changes, start, stop, and save information. You can only submit your application once you have answered all mandatory questions and uploaded all mandatory documents. Refer to [Submit your application](#) for tips on completing the form and avoiding delays.

Complete the online form

The online form will typically ask for the following information:

- Identification information – name of the applicant, address, fiscal period, etc.
- List of directors, trustees and like officials – may include home addresses.
- Details of the organizational structure including information such as if it is an internal division of a Canadian registered charity, governing documents, relationship between the board and/or its funders, and the proportion of funds being used in its own activities.

- Information about the purpose and activities of the organization
- Financial information – may include proposed budget or estimate of receipts and disbursements, assets and liabilities and your latest financial statements.

Application Review Process

When the application is submitted it is verified that it is complete.

If an application is incomplete, it is rejected and returned to the applicant.

If an application is complete, you are sent an acknowledgement letter. The letter states the approximate amount of time it will take before the application is assigned to an officer for review.

You may be contacted for more information and documentation to help the decision. You may also be offered an opportunity to amend the purpose so that it accurately reflects its activities. Generally you will have 60 days to respond.

When a decision has been reached about your application, you will be notified by letter.

Refer to [Application review process](#) for more information about the review process.

Charities Directorate

The Charities Directorate client service representatives can provide you with:

- General information about registered charities
- Information on how to apply for registration online
- Information on how your charity should properly issue official donation receipts and how to fill out the annual information return (Form T3010)
- Guidance on changing your charity's legal name, purposes, activities, and more

Contact information is on the [Contact the Charities Directorate webpage](#).

Disclaimer

The information in this document is intended as general information only, not as legal advice. Every situation is unique. If you need advice, you should consult a lawyer.

The information in this document was correct when posted, but because information changes frequently it may have become outdated.

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