

APRIL 2007

TREASURER'S UPDATE

BY: HEIDI BRAUER, CMA

UPCOMING WORKSHOP

Treasurer's Workshop
April 26, 2007
7 to 9 p.m.
2nd Floor Boardroom
1609 14th Street SW

Cost: \$30 members and
\$40 non-members

Please e-mail your
interest to
reception@
calgarycommunities.com

This workshop is designed for current treasurers or someone who is thinking of taking on the position as a treasurer in a not for profit organization. We will discuss what is expected of a treasurer and general bookkeeping and accounting requirements for not for profit associations.



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GST Registration:

When we completed an audit for a not for profit group the other day, I pointed out, that they should have registered for GST during the fiscal year, as they had trespassed their \$ 50,000 limit of taxable revenue.

I was perplexed to receive the answer: "Revenue Canada did not request it!" Remember in Canada our taxation system relies on voluntary disclosure. Revenue Canada does not know, that you reached your \$ 50,000 limit of taxable revenue. It is up to you as an organization to disclose this information. Watch your taxable revenue, and when you think, you will reach the \$ 50,000 in taxable revenue, you will have to give Revenue Canada a call and get registered for GST.

Once you are registered, you will have to collect GST on your taxable sales, but you can also claim an Input Tax Credit (ITC) on your purchases relating to the sales.

What are taxable revenues? For most community associations, they will be hall rentals, newsletter advertising and activities for over 14 year olds.

Jelly Bean dances are considered to be "admission to a place of amusement", where the entrance fee was higher than \$ 1, and they also are taxable activities.

Memberships are taxable, if the members receive anything more than the monthly newsletter e.g. the membership allows them reduced hall rentals, a discount at a local store or reduced social activity fees.

This definitely is not a complete list, but should make you aware of the fact, that if you feel, that you might have to register for GST, that you check the Revenue Canada website www.ccra-adrc.gc.ca or give Revenue Canada a call 1-800-959-5525.

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Charities:

As an organization with charity status you do not have to be registered to be able to claim the rebate on the GST paid. This means that you can claim back 50% of the GST you paid on purchases.

It also entitles you to claim back 50% on exempt activities like activities for children under 14 years of age and 50% of the GST paid on casino and bingo expenses. Often the GST rebate on gaming activities is missed by charitable organizations.

As any penny is valuable for a charity, make sure you claim, what is due to you. If you missed claiming the rebates in previous years, you are allowed to go back four years and retroactively claim the rebate on GST paid.

You will have noticed, that the letter from the trustee does not disclose the amount a charity can claim as a rebate any longer. This is due to some GST auditors disallowing the claim, as the trustee's letter does not represent an invoice. The fact remains, that the GST was paid by the groups and the rebate is due to them. I have written a letter to GST to clarify the term, that "it is up to each group to claim the rebate due to them". It is not clear at all in the letter from the trustee how to calculate the amount.

My contact at GST told me, that the decision has not been reached yet, but I will let you know as soon as I receive an answer.

Grant Funding:

On March 22, 2007 we had our grant workshop. The 23 groups in attendance walked out of the workshop with many valuable fundraising ideas. We would like to thank Marie Hiebert from Alberta Sports and Wildlife, Winston McConnell from the Wild Rose Foundation and Cesar Cala from the Calgary Foundation for their informative presentations. General consensus was, to include these in our schedule of annual workshops.

The Smith Insurance gift certificate was won (again) by Terry Day of the Highwood Community Association

Judging from the interest in our grant workshops, I should point out to you that if in one particular year the government funding should be at least 40% of your total revenue, you qualify for Special Not For Profit Status, which allows you to collect a rebate of 50% of the GST paid on your exempt activities. This is of interest for the not for profit groups without charity status, as they ordinarily cannot claim the rebate.

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