

# Year-End-Filing

## **How to-**

\*Payroll year-end filing is done by December 31st\*

\*Due date for filing information summaries and slips is the last day of February that follows the calendar year in question\*

## **Which kind of review does your nonprofit need?**

If the gross income of your federally incorporated non profit is <\$50k, the Board of Directors can pass to waive an audit, but you must do a review. Nonprofits who make more than \$50k must conduct an audit. For provisionally incorporated nonprofits, review your legal obligation on your government's website.

**To prepare** for year-end filing employers with payroll must first...

- Open and maintain a payroll program account
- Ensure accurate employee social insurance numbers, names, and addresses
- Deduct, report, and remit CPP, EI, and income tax amounts to the CRA and keep records
- Collect all receipts, bills, invoices, ongoing contracts, and grants agreements (GreenBooks will help to determine what year-end adjusting entries are required to create an accurate picture of your finances)
- Review and reconcile tax account remittances and payroll deductions

## ***Proofread***

- Review the financial statements (balance sheet, income statement, and cash flow statement) and discuss with your bookkeeper any questions you have before the final draft of the internal statements

## ***Submission to Accountant***

- Records are submitted to the approval of the appointed Accountant. This process can take 1-3 months depending on the level of the review you have requested

## ***Reviewing the Draft Statements***

- The accountant presents the completed year-end financial statements to the Board of Directors

## ***Approval***

- The board of directors vote to approve the statements and make them available for wider distribution for the nonprofit

## ***Income Tax (T2/T3010) Filing***

- The bookkeeper will work with you to file either T2 (nonprofits) or a T3010 (Charities) within 6 months of your year-end
- **T1044** (NPO Information Return)
  - Filing becomes mandatory if/when
    - NPO received or is entitled to receive taxable dividends, interest, rentals or royalties totalling more than \$10,000 in the during the fiscal period;
    - The total assets of the organization valued at more than \$200,000 at the end of fiscal period
    - NPO has filed a T1044 return for a previous fiscal period.
- **T5018**
  - Identifies the total contract payments made to a recipient by a contractor at the end of the calendar year/fiscal period

# Year-End-Filing

## Why is Year-End Filing important?

Year-end filing is important because it ensures that all of your organizations important documents are organized and correct

- The process of year-end filing can allow you to see what and where you are missing documents that are crucial to the success of an organization
- It's important to make sure you have ALL necessary documents (receipts, bills, invoices, ongoing contracts, grants agreements, etc.) to ensure no delay when filing and to avoid any late fees/penalties you may acquire

## For legal

- If your organization does not file year-end you risk the the CRA assuming that your business is no longer operating and they will dissolve it
  - It is very important to not let this happen because if it gets to this point you will not be able to operate
- If you file year-end filing late you can be subject to a late penalty of 5% of the amount you would be owing, plus 1% of the amount owing each month the return is late
- It is important to protect all financial records, especially if a third party business is where your records are stored
- When records are examined, ensure that you are being represented in a proper manner
  - Provide reasonable assistance and answering questions about your business;
- Allowing CRA officials to make copies, or giving them copies, of any records they may need

## Year-End Filing Checklist

Open and maintain a payroll account

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Ensure all employee information is accurate

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Gather all financial data (receipts, bills, invoices, etc.)

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Reconciles any tax account remittance or payroll deductions

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Ensure all correct data is submitted to your bookkeeper

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Tax Forms:T2/T3010, T1044, T5018

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# Year-End Filing

## Stages for a Notice to Reader, Review Engagement or Audit.

01

### Preparation

Collect all receipts, bills, invoices, ongoing contracts, and grant agreements. GreenBooks will collaborate with you to determine what year-end adjusting entries are required to create an accurate picture of your finances.

02

### Proofread

Review the financial statements and work through any questions you have before the final draft of the internal statements.

03

### Submission to Accountant

Records are submitted to the appointed Accountant. This process can take 1-3 months depending on the level of review you have requested.

04

### Reviewing the Draft Statements

The accountant presents the completed year-end financial statements to the Board of Directors.

05

### Approval

The Board of Directors vote to approve the statements and make them available for wider distribution for the nonprofit.

06

### Income Tax (T2/T3010) Filing

The bookkeeper will work with you to file either a T2 (nonprofits) or a T3010 (charities) within 6 months of year-end.

# Roles and Responsibilities

## Which kind of review does your nonprofit need?

If the gross income of your federally incorporated nonprofit is <\$50K, the Board of Directors can pass motion to waive audit, but you must do a review. For provincially incorporated nonprofits review your legal obligations on your governments website.

## Board of Directors:

1. Oversee management and the processes for preparing financial information, and for satisfying itself that the resulting information reasonably reflects the organization's reality.
2. Make motion at the AGM to conduct a NTR (compilation) review or audit and appoint an accountant.
3. Approve the statements as presented by the accountant.

## Staff/Management

1. Collecting and preparing the necessary information and documents needed for the internal statements.
2. Working with the bookkeeper to update the internal statements as directed by the accountant.

## Bookkeeper

1. Support the organizations' staff by organizing and reviewing the information they prepared.
2. Liaison between the accountant and staff to update/change statements as needed.

## Accountant

1. Responsible for providing an independent professional opinion and/or compilations on the fair presentation of the organization's financial position and its financial results.
2. Present the statements to the board for approval.