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**THE OTTAWA REGION  
Charity & Not-for-Profit Law Seminar**

**Ottawa – February 7, 2013**

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**CRA and Registered Charities:  
What You Need to Know**

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**By Cathy Hawara, LL.B. - Director General  
Charities Directorate, Canada Revenue Agency - Ottawa**

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Canada Revenue Agency / Agence du revenu du Canada

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### Registered Charities - Profile

- 86,000 registered charities in Canada
- Charitable organizations (88%); public foundations (6%); private foundations (6%)
- Over 4,000 applications and 1,800 revocations annually
- Transparency and accountability key to integrity of sector
- \$13.51 Billion receipted in 2010
- \$2.41 Billion (Federal), \$1.29 Billion (Provincial) in forgone revenue

Category	Percentage	Count
Poverty	21%	18,060
Other (hospitals, libraries, etc.)	24%	20,640
Religion	39%	33,540
Education	16%	13,760

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### Registered Charities in Canada

Relief of Poverty	Advance Education	Advance Religion	Benefits to the Community
Soup Kitchens	Universities	Churches	Homes for the Elderly
Food Banks	Schools	Synagogues	Hospitals
Shelters	Symphony Orchestras	Mosques	Parks
Community Resource Centres	Research Establishments	Missions	Animal Welfare

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## Outline of Today's Presentation

- Update on recently published guidance for charities
- Changes that affect registered charities as a result of the 2011 and 2012 Federal Budgets
- New tools and educational products available to registered charities

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## Updated Guidance for Charities

### ▪ Fundraising

- Clarified explanations of CRA's approach to assessing fundraising activities
- Simplified the guidance to make it easier for charities to determine what costs should be reported as fundraising expenses

### ▪ Using Intermediaries to Carry out Activities

- Outlines how charities can satisfy the requirement to maintain direction and control of their resources when working with other parties to deliver programs

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## Updated Guidance for Charities

### ▪ Community Economic Development

- Community Economic Development and Social Enterprise are not recognized charitable purposes
- However, certain activities may be charitable if they relieve poverty or advance education
- Investments or loans to for-profit businesses may be charitable if they advance a charitable purpose and the charity retains direction and control over how those resources are used

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## New Guidance for Charities

### Arts organizations and charitable registration

- Outlines requirements related to the registration of organizations that are active in the area of the arts



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## Budget 2011 – Safeguarding Charitable Assets



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## Ineligible Individuals

### Who are they?

- A person who was convicted of a **relevant criminal** offence for which a pardon has not been granted or records suspension ordered
- A person who was convicted of a **relevant** offence in the last five years

### What is relevant?

- Any offence that involves a form of financial dishonesty; or
- Offences relevant to the operation of a charity that, if repeated, could inflict harm on the charity or its beneficiaries, or could harm public trust in the integrity of the registration system for charities

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## Ineligible Individuals

- Who are they?
  - A person involved with an organization which was revoked in the previous five years for a serious breach of the Act or for promoting a tax shelter
  - A promoter of a tax shelter, the participation in which resulted in the revocation of a charity's registration
- How will we apply our discretion to act?
  - Administrative fairness
  - Education first approach
- Does this mean charities must conduct background checks?
  - No, charities are not required to undertake background checks in order to demonstrate compliance with the new provisions.

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## Budget 2012 - Political Activities

Political activities are those that try to retain, change, or oppose a law or policy in Canada or any other country.



Ways of conducting political activities:

- Write-in campaigns;
- petitions;
- protest marches;
- publishing material calling for changes to policy or laws.

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## Political Activities Rules

### Current

- Must not infringe on the requirement that a charity devote substantially all of its resources to charitable purposes and activities
- Political activities must further the charity's purpose
- Must be non-partisan

### New

- Must now report and include funds transferred to other charities or other qualified donees for the purpose of political activities
- Intermediate sanctions: suspension of receiving privileges



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## The Road Ahead

- Develop self-assessment and educational tools to help charities better understand the rules around political activities
- Revise T-3010 Annual Information Return to incorporate new reporting requirements for reporting funding of political activities
- Conduct more active monitoring of charities' political activities
- Take corrective measures that are appropriate to the circumstances. For example, an educational letter or other compliance action if warranted



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## Web enhancements and new educational tools for charities



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## Charity Quick View

Charity Quick View is an updated display of the Annual Information Return that provides Canadians with a summary of a registered charity's activities, revenues, compensation and expenditures



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## Online Educational Videos

**Charities Webcasts**

Popular videos include:

- Carrying on activities outside Canada
- Financial statements and maintaining books and records
- Fundraising
- Gifting and receipting
- Completing the charities information return



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## Thank you!

Client Services – general inquiries  
1-800-267-2384  
1-888-892-5667

Charities Information on the Web  
[WWW.CRA.GC.CA/CHARITIES](http://WWW.CRA.GC.CA/CHARITIES)

Charities Electronic Mailing List:

To connect, follow the *Outreach and Communications* link on main page

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