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**THE 18<sup>TH</sup> ANNUAL  
CHURCH & CHARITY LAW<sup>TM</sup> SEMINAR**

**Toronto – November 10, 2011**

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**CRA Update,  
including “Keeping on the Right Side of CRA”**

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

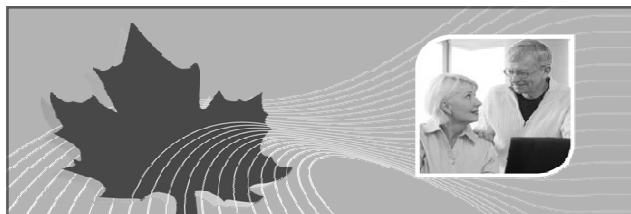
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**Church and Charity Law Seminar**  
November 10, 2011

Cathy Hawara  
Charities Directorate  
Canada

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**Charities Directorate:  
A Look Ahead**

- **Strategic Directions**
- **Keeping on the Right Side of the CRA**

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**Strategic Directions: Background**

Over the past decade Charities Directorate priorities have been guided by several key initiatives:

- 2000 Voluntary Sector Initiative (VSI)
- 2001 Joint Regulatory Table (JRT)
- 2003 Regulatory Reform
- 2008 Small and Rural Charities (SARC)

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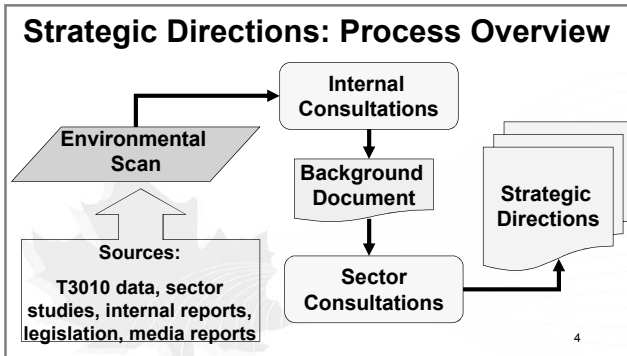
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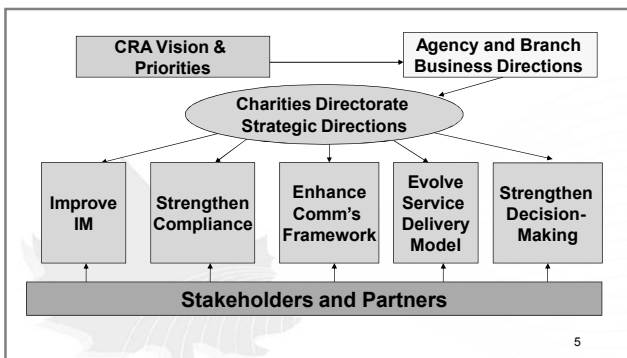
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**1- Improve Information Management Framework**

- Improve the way we capture and share program information
- Improve the integrity of the T3010 data and our ability to conduct in-depth data analysis
- Improve the IT systems used to register charities

Calls for greater accountability from the media and parliamentarians highlight the growing reliance and stress on our systems/data and the need to devote resources to ensuring data integrity.

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## 2 - Strengthen Compliance

Reduce risk of non-compliance in the sector by:

- Fulfilling Auditor General recommendations
- Enhancing risk assessment (new tools, partnerships, models to manage risk and identify non-compliance)
- Reporting compliance results (annual audit findings)

In an increasingly complex and diverse charitable sector, the Directorate requires better risk assessment tools/models to detect and address non-compliance in the sector <sup>7</sup>

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## 2 - Strengthen Compliance (Con't.)

Fulfilling Auditor General recommendations:

*Recommendation 7.27*

- *The CRA should evaluate whether its current process for dealing with annual information returns meets its objective of increasing compliance and receiving returns on time.*

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## 3 - Strengthen Decision-Making

- Implement a more formal quality assurance process
- Share information with sector (annual reporting)
- Engage with sector and OGDs to gain new perspectives and insights on emerging trends

Ensuring quality and consistent decision-making and information-sharing is key to continued excellence in program delivery. <sup>9</sup>

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## 4 - Enhance External Communications Framework

- Raise public awareness of the Directorate's role and profile in charity regulation
- Expand education initiatives to target specific audiences
- Explore new ways to reach the sector and public

Enhancing our external communications framework will help us influence compliance, raise awareness and promote integrity of the sector.

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## 5 - Evolve Service Delivery Model

Evolve service delivery model with a view to promoting compliance, ensuring transparency and enhancing risk management by:

- Examining current operations and practices to improve efficiency
- Exploring opportunities for new partnership arrangements with the sector
- Assessing feasibility of offering additional services

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## Keeping on the Right Side of CRA

1. Internal controls
2. Keeping proper books and records
3. Gifting to qualified donees
4. Filing information returns and financial statements
5. Best practices to ensure timely filing of the return

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## 1. Internal controls

Assigning responsible authority over resources

- Safeguarding receipts
- Monitoring usage of charitable facilities and resources
  - Cannot be used for illegal activities
  - Cannot be used for partisan political activities

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## 2. Keeping Proper Books and Records

What to keep:

- Copies of official donation receipts
- All records concerning 10-year gifts
- Minutes of meetings of the directors/trustees/executives
- Minutes of meetings of the members
- All governing documents and bylaws
- Financial statements, source documents, and copies of T3010 returns

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## 3. Gifting to Qualified Donees

Charities cannot give money or other resources to individuals or other organizations that are not "Qualified Donees" (QDs). Examples of QDs include:

- Registered Canadian charities
- Registered Canadian Amateur Athletic Associations
- Canadian municipalities

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## 4. Filing Information Returns (form T3010) and Financial Statements

The *Income Tax Act* prescribes filing timeframes and the consequences for late or non-filing:

- Information return is due within six months after the charity's fiscal period end
- Late filing of the return can result in financial sanctions and non-filing can lead to revocation of charitable status

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## 5. Best Practices to Ensure Your Charity Files on Time

- Document who is responsible, and designate one person as the back up
- Make it a standing item for annual board meetings
- Update charity mailing address and the names and addresses of board of directors with the Charities Directorate
- Mail to the correct address:

Charities Directorate  
Canada Revenue Agency  
Ottawa ON K1A 0L5

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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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