



Quarterly updates from the Charities Directorate

Welcome back to our third edition of Quarterly updates from the Charities Directorate!

Starting the new year off right

We know many charities are busy planning their operations for the upcoming year. With this in mind, now is the perfect time to review and make any necessary updates to your charity's account.

Here are a few key reminders:

Updating your charity's information

Does your charity have a new director? Or has there been a change to your charity's contact information? There are different processes for updating this information depending on the type of change you need to make. Consult our [Making a change to your organization](#) page to learn more.

Considering new activities or changing your charity's purposes?

If your charity is considering [changing its purposes or carrying on new activities](#) this year, we recommend consulting with our [client service team](#) first. They can provide advice to help your charity stay compliant and meet its obligations.

Staying connected

We are increasingly shifting to digital services, so it is essential that you have a [valid email address](#) on file with us. This ensures that you receive the latest updates that could affect your charity.

In case you missed it

Since our last update, we have continued our efforts to support the charitable sector. Here's a quick summary of what we have been working on:

- Publishing information on the [extension of the deadline for making charitable donations eligible for tax support in the 2024 tax year](#), until February 28, 2025
- Helping Ontario-based charities' transition to the [Ontario's Not-for-Profit Corporations Act, 2010](#)
- Providing a [webinar](#) on Public policy dialogue and development activities (PPDDAs) to more than 200 participants
- Sending out educational materials on [how to draft and describe charitable purposes and activities](#)
- Publishing updated guidance on [CG-029 Relief of poverty and charitable registration](#)
- Releasing [Report #4 of the Advisory Committee on the Charitable Sector – October 2024](#)

Top compliance issues for charities

During the 2023-2024 fiscal year, we identified common non-compliance issues in the following areas: books and records, official donation receipts, Form T3010, Registered Charity Information Return.

When we discover non-compliance issues, we use a series of progressive compliance measures. When possible, we address minor errors through non-audit interventions, such as education letters. Through this approach, charities are often given the opportunity to bring themselves back into compliance.

We reserve audits for situations where a high risk of potential non-compliance has been identified. We resort to stronger corrective measures, such as sanctions or revocations, in cases of serious non-compliance.

The section below outlines these common errors in two categories: 1) minor errors and, 2) high-risk non-compliance.

Books and records

Reason to educate - minor errors:

- Non-material and/or unintentional errors and/or omissions in the books and records
- Not having a travel log to support minor expenses
- Not maintaining a copy of current governing documents

Examples of high-risk non-compliance:

- Having no books and records available
- Refusing to provide books and records
- Committing culpable conduct (falsified books and records)

Official donation receipts

Reason to educate - missing minor elements:

- A statement that it is an "official receipt for income tax purposes"
- The place or locality where the receipt was issued
- The name Canada Revenue Agency and the website address (canada.ca/charities-giving)

Examples of serious non-compliance:

- Issuing falsified/fraudulent/inflated receipts
- Issuing receipts for services
- Lending registration number to other organizations

T3010 information return

Reason to educate - unintentional minor errors:

- Allocating fundraising expenses to the wrong reporting line
- Incorrectly reporting line 5010 "Total expenditures on management and administration"

Examples of intentional/serious errors:

- Significant inaccuracies, beyond what is reasonably considered minor*
- Willfully omitting information from the T3010 and/or financial statements
- Failing to file a return as and when required (which results in a revocation for failure to file)

*Opportunities for the Disabled Foundation v MNR, 2016 FCA 94 at paras 50-51.

Engaging with the charitable sector

The fall was filled with great opportunities to connect with the sector and gather valuable insights!

Roundtable in Vancouver (September 12, 2024)

We attended a roundtable discussion with a group of Vancouver-based charities, coordinated by [Imagine Canada](#). We also met with grassroots, women-led, charitable organizations to hear directly from those working on the front lines. These conversations provided insights into how the CRA can continue to modernize its role as a regulator.

International Charity Law Network Conference (September 19, 2024)

We participated in the [International Charity Law Network Conference](#) in Toronto, Ontario, hosted by the [Osgoode Hall Law School](#), at York University. The event brought together charity law scholars, law students, and practitioners and regulators from

Canada and the United States, presenting on and discussing topics related to international charity law.

Philanthropic Foundations Canada 25th Anniversary Conference (September 25, 2024)

We attended the [Philanthropic Foundations Canada 25th Anniversary Conference](#) in Ottawa, Ontario. On the third day of the conference, we participated in a panel discussion, sharing insights from a regulatory perspective.

Advisory Committee on the Charitable Sector (September 17 and October 17-18, 2024)

The current [Advisory Committee on the Charitable Sector](#) (ACCS) membership met virtually on September 17, 2024, to discuss emerging issues in the sector. It met again on October 17 and 18, 2024, for a final time in person, to discuss themes driving the Charities Directorate's internal modernization review. We would like to extend our appreciation to the members for their meaningful contributions, which included how the charities program could be improved and were captured in the recently published ACCS Report #4.

International Regulators Conference (October 28-30, 2024)

We participated in the [International Regulators Conference](#) in England, where charity regulators from eight nations met to share matters of mutual interest and concern. The three-day meeting fostered the mutual exchange of knowledge across four key themes: charity registration and charitable status; digital, technology and data; communication, education, and public trust; and compliance. We had the opportunity to hear about current issues faced by other jurisdictions, and to share the Directorate's own updates.

Federal/Provincial/Territorial Network of Charity Regulators (November 14, 2024)

The [Federal/Provincial/Territorial Network of Charity Regulators](#) (FPT) met to discuss issues related to regulating charities across Canada. We discussed draft policy guidance, and had a roundtable discussion to share updates and highlight emerging trends within participants' jurisdictions. The meeting provided valuable feedback to inform ongoing policy development and strengthen collaboration across the FPT Network.

Technical Issues Working Group (November 19, 2024)

The [Technical Issues Working Group](#) (TIWG) met to discuss trends and technical issues in the charitable sector. Members provided constructive feedback on the impacts that legislative amendments have on charitable organizations and their respective programs, and opportunities to streamline the process of amending charitable purposes.

Stay tuned

We have two new [webinars](#) planned for the coming months:

- [Rules for charities making grants to grantees \(non-qualified donees\)](#) --- January 28 and 30, 2025
- Gifting and receipting – date to be announced

If you received this email, you are subscribed and will be notified when registration opens for each. Space will be limited so make sure you don't miss out on these great learning opportunities!

You can also check out the [Charities media gallery](#) to view some of our past webinars, including:

- Public policy dialogue and development activities (PPDDAs) by registered charities
- Registering for My Business Account (MyBA): A step-by-step guide for charities
- Completing your T3010 online: A walkthrough for charities
- Books and records