



Canada Revenue  
Agency

Agence du revenu  
du Canada

# REPORT ON THE CHARITIES PROGRAM 2016 TO 2018

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## Message from the Minister of National Revenue

I am pleased to present the Report on the Charities Program 2016 to 2018 and to share the progress made by the Canada Revenue Agency's (CRA) Charities Directorate in supporting a vibrant charitable sector that is so important to Canadians.

The Charities Directorate continued to focus on improving the services it delivers to the charitable sector. It innovated by developing new tools and resources to help charities with their important work and to allow the CRA to fulfil its commitment to service, openness, and transparency. To help reduce the administrative burden on charities, the Directorate is focused on modernizing its program to be able to provide e-services to the sector.

I hope that by reading this report you gain a better understanding of what the CRA does to support the charitable sector.



**The Honourable Diane Lebouthillier, P.C., M.P.  
Minister of National Revenue**

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## Message from the Commissioner of the Canada Revenue Agency

The CRA has the important job of administering the Income Tax Act on behalf of the government and all Canadians. To do this, we must deliver on the government's key priorities, while continuing to respond to the evolving needs of the public we serve. We must also be open and transparent in delivering our programs and services. Part of CRA's responsibilities under the Act is the regulation of charities, which is carried out by the Charities Directorate.

This report shows the Directorate's important role in making the CRA a world-class tax and benefit administration through its consultation, service, modernization, and educational initiatives.

The Charities Directorate is continually striving to be innovative and agile. It is improving the way it delivers service to charities and finding new ways to help charities better understand the responsibilities associated with registration.

These initiatives aim to support registered charities so they can continue to serve the needs of Canadians.



**Bob Hamilton**  
**Commissioner of the Canada Revenue Agency**

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## Message from the Director General of the Charities Directorate

Since our last report, I have had the opportunity to engage with many charity representatives and volunteers, and at the same time observe the evolving landscape of the charitable sector in Canada. It is clear that charities are passionate about their work, and are finding new and innovative ways to provide much needed services to Canadians.

The Directorate is dedicated to providing excellent service to the charitable sector. Recently, our focus has been on enhancing our services to charities and increasing the transparency of the work we do. We have also expanded our educational products and services, streamlined our process for responding to applications for registration, and reduced wait times for responding to written enquiries. Significant progress has also been made on modernizing how the charitable sector interacts with the Directorate as we move towards e-services.

I am pleased to present this report that demonstrates the important role of charities in Canada by providing facts and figures on different areas of our program. This report is a follow-up to the 2015-2016 report and reflects on the activities of the last two years, as well as some trends over the last 25 years.

We are looking forward to more exciting developments in the years ahead.



**Tony Manconi**  
**Director General**  
**Charities Directorate**  
**Canada Revenue Agency**



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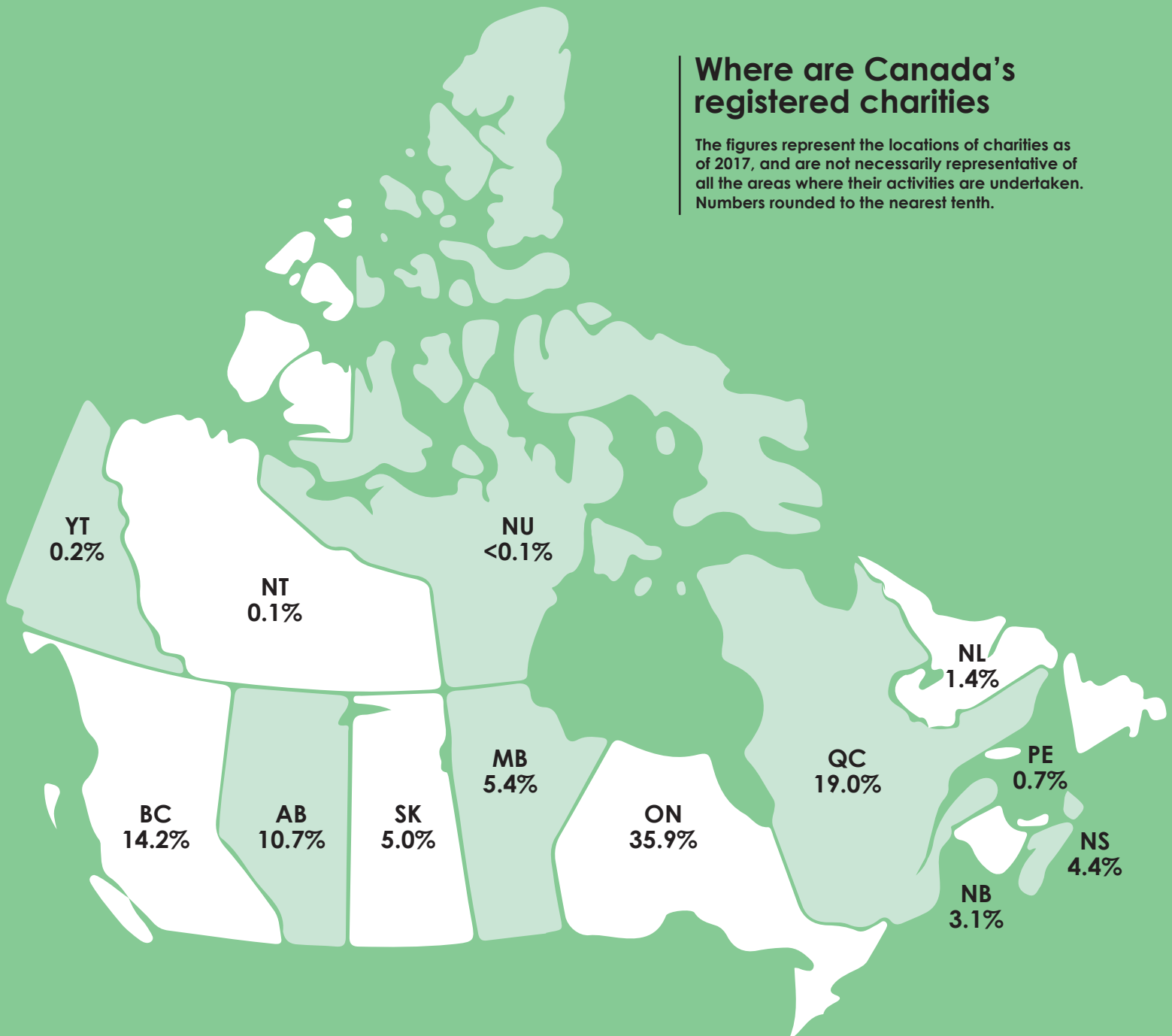
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# 2016 to 2018

# The charitable sector by the numbers

## Where are Canada's registered charities

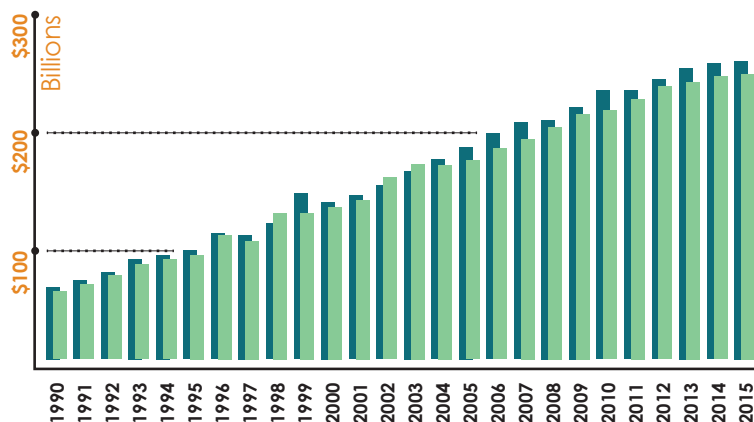
The figures represent the locations of charities as of 2017, and are not necessarily representative of all the areas where their activities are undertaken. Numbers rounded to the nearest tenth.



# Charities: 25 years of revenue and expenditures

(in billion dollars)

The information on this page focuses on data collected over a 25 year period beginning in 1990, the earliest year for which a complete set of figures is available. Revenue and expenditures are as reported by charities on their T3010 annual returns and have been adjusted for inflation as of 2015.

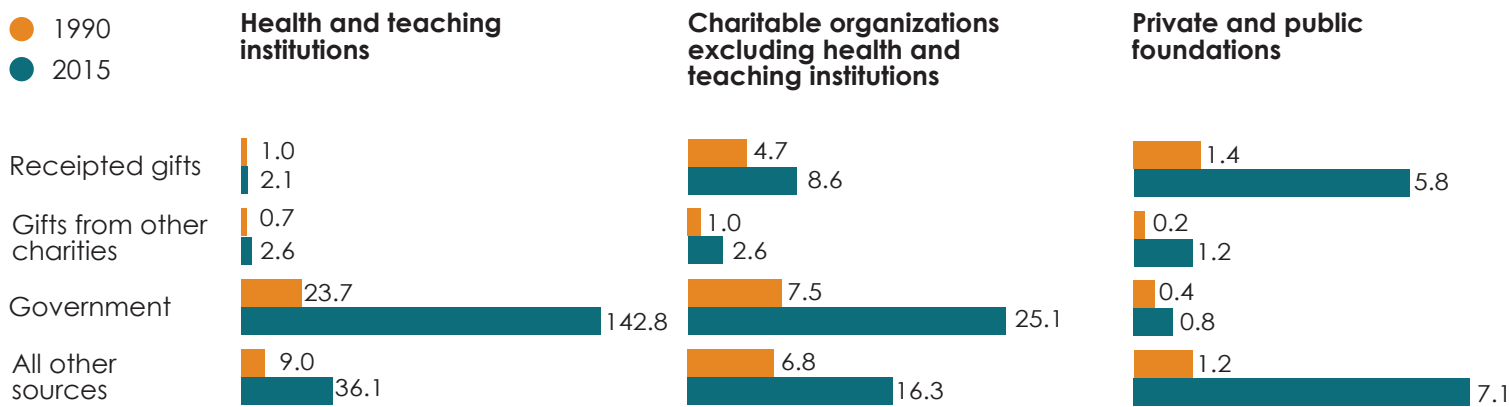


## Total revenue and expenditures

Over 25 years, the total revenue and total expenditures of the charitable sector increased steadily.

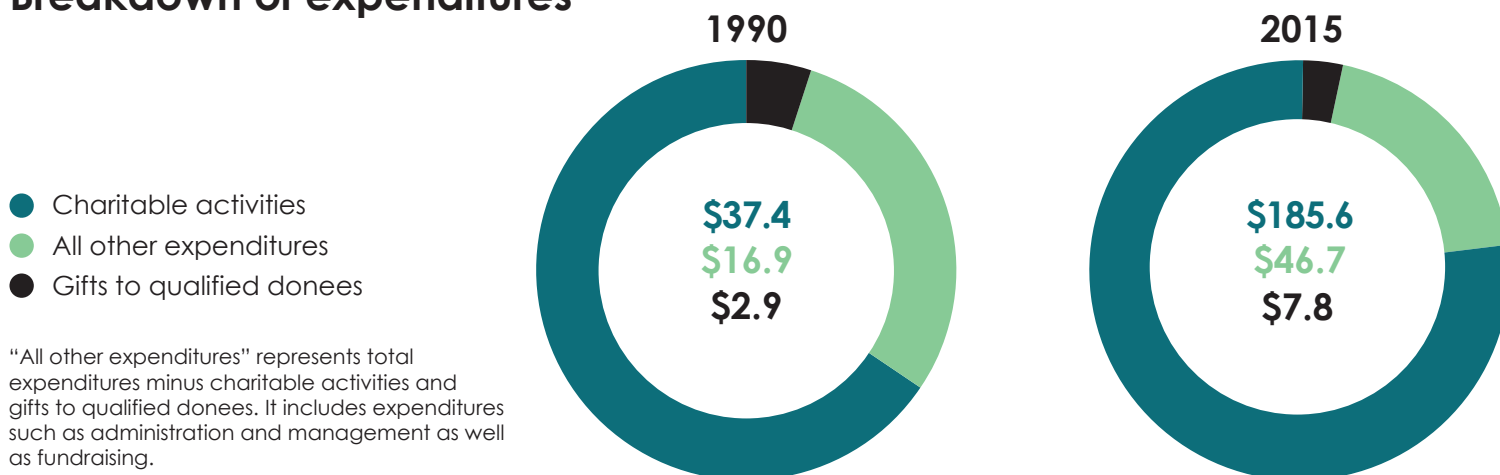
- Revenue
- Expenditures

## Sources of revenue



Health and teaching institutions represent hospitals, schools and universities registered as charitable organizations. Because health and teaching institutions receive such a large amount of government funding, they were separated from other charitable organizations figure to provide more representative data for those organizations. "All other sources" represents any revenue other than those stated.

## Breakdown of expenditures



"All other expenditures" represents total expenditures minus charitable activities and gifts to qualified donees. It includes expenditures such as administration and management as well as fundraising.

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# Educating charities

In support of the CRA's commitment to assisting charities to better understand the responsibilities associated with registration, the Charities Directorate focused on the creation, updating and expansion of a number of education and outreach products.

## Charities Education Program

Piloted with 38 registered charities at the end of 2016-2017, the Charities Education Program (CEP) provides an in-person visit conducted by an officer to help charities get it right from the start. The CEP was expanded in 2017-2018 with 277 visits and has become a key component of the education-first approach. This new program will give registered charities the educational tools and resources they need to fulfill their obligations.

## Charities Education Program

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"I found the education program very helpful in not only raising awareness of what we are doing correctly but also in what we can do in the future to better maintain our books and records."

"We highly recommend this program. We feel much better about compliance in our Charity."

**The officer "helped us with all our problems and questions, and even called to follow-up."**

*"The visit was extremely helpful and helped me understand where I could do things better and clarify areas I didn't understand."*

**"It was a worthwhile 3 hour meeting."**





## New videos

- Gifting and Receipting 101: An Overview
- Auctions: Advantage and 80% Rule
- Auctions: When can you issue donation receipts?
- Services: Are they receiptable?
- Services: Website and software
- Who is the true donor of this gift?
- Gift certificated and gift cards

## New webpages

- Cause-related marketing
- Transition to the B.C. Societies Act
- Personal information of directors, trustees and like officials
- CRA's Charities and giving pages move to Canada.ca

## Graphic educational tools

- Who is the true donor?

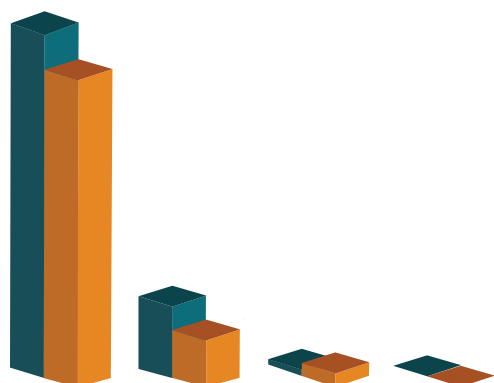
## Guidance products

- CG-025: Qualified donee: Low-cost housing corporation for the aged
- Update of CRA's position on the retention period for church offering envelopes
- CG-026: Relieving conditions attributable to being aged and charitable registration
- RC191: Qualified donee: Becoming a Prescribed University Outside Canada
- CG-014: (Revised) Community economic development activities and charitable registration
- CG-028: Head bodies and their internal divisions

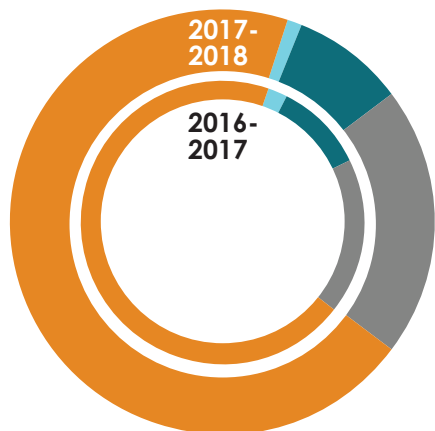
# 2016 to 2018 in review

## Registrations

The registration review process ensures that only the organizations that qualify are registered. Note that not all the applications are reviewed in the same year they are received. Among the applications received below, 1,056 were incomplete in 2016-2017 and 1,075 in 2017-2018.



	2016-2017	2017-2018	Applications received
	3,306	3,142	charitable registrations
	310	215	charitable re-registrations
	7	12	RCAA and RNASO registrations
	0	0	RCAA and RNASO re-registrations
	<u>3,623</u>	<u>3,369</u>	total applications received



	2016-2017	2017-2018	Application outcomes
	1,693	1,569	registrations
	432	459	abandoned applications
	250	193	withdrawals
	52	24	refusals to register
	<u>2,427</u>	<u>2,245</u>	total application outcomes

## Client service enquiries

	2016-2017	2017-2018	Telephone enquiries	Written enquiries	Charity document requests
	84,578	10,441	1,222		
	76,258	10,552	1,114		

# CRA's approach to compliance

The CRA is committed to an education-first approach to compliance. Only a very small proportion of the Charities Directorate's audits result in serious consequences. As the figures below demonstrate, the largest group of revoked charities are those that requested revocation. Following revocation, the CRA works with revoked organizations to ensure that their assets, including any donations received, remain in the charitable sector and continue to benefit Canadians.

**69,204**  
2016

charities filed their  
T3010 returns ahead  
of deadline

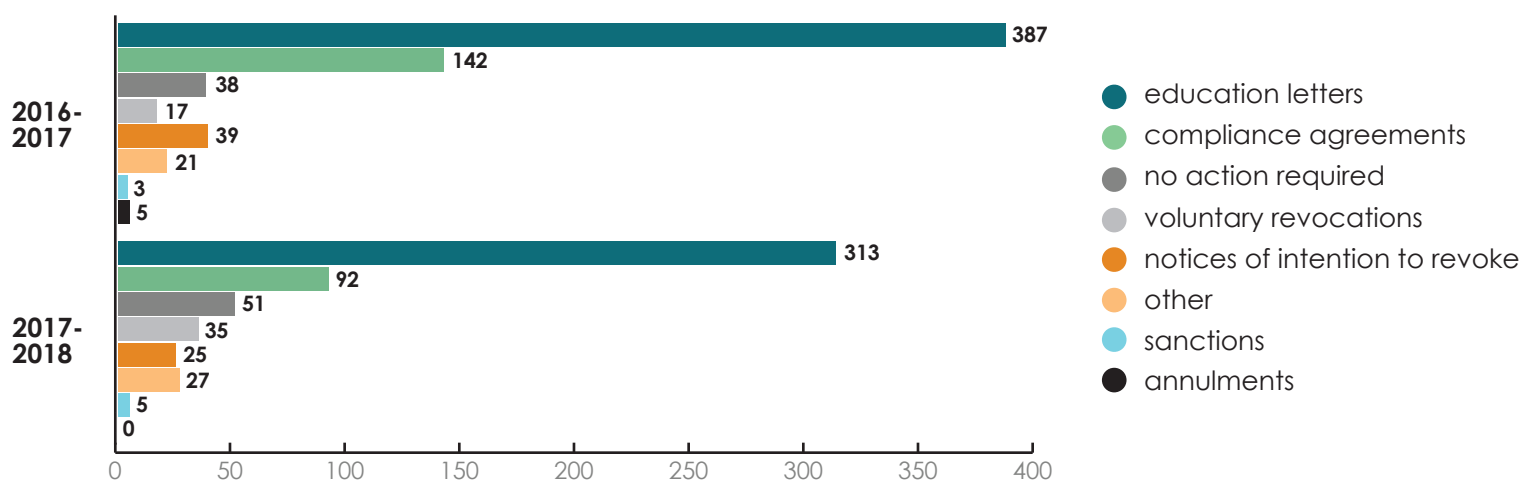
2017  
**68,836**

**4,902**  
2016-2017

adjustments to T3010s  
at the request of  
charities

2017-2018  
**5,165**

## Audit outcomes



"Notices of intention to revoke" includes situations where the audit is finished and the CRA intends to revoke the charity's registration. "Other" includes pre-registration and revocation tax audits.

2016-2017	2017-2018	Revocations
<b>836</b>	<b>930</b>	voluntary revocations
<b>502</b>	<b>584</b>	revoked for failure to file
<b>28</b>	<b>26</b>	revoked after audit
<b>6</b>	<b>22</b>	revoked for loss of corporate status
<b>1,372</b>	<b>1,562</b>	total revocations



**\$6 million**  
2016-2017

assets transferred  
from revoked charities  
to eligible donees  
after wind-up

2017-2018  
**\$12 million**

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# What's next

**The CRA is dedicated to finding new and innovative ways to better support the charitable sector and Canadians. Going forward, the Charities Directorate will focus on the following initiatives to further this commitment.**

## Online services

The Charities IT Modernization Project, known as CHAMP, will be launched in June 2019. CHAMP e-services will provide organizations with the ability to apply for registered status and file their annual information returns online. They will also be able to take advantage of other services available through CRA's My Business Account (My BA).

The Directorate is sharing information with charities about what they can expect from these new e-services, and encouraging registered charities to sign up for My BA in advance so that they have access to those services as soon as CHAMP is launched.

## Registration

As the Directorate continues to modernize its screening and reviewing processes, its objectives are to provide fair and timely service to all applicants, reducing the time it takes to give applicants a meaningful response. The following changes are underway:

- implementing one service standard to respond to a complete application for charitable registration within six months, regardless of the complexity of the application
- updating the risk-based assessment approach used to identify the complexity of incoming applications to improve the response time
- updating the registration section on the Charities and giving webpages of Canada.ca to make the requirements for registration and the process to become registered clearer
- working with provincial and territorial partners to update information on their websites about registration requirements

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## Policies and engagement

The Directorate is working on several new guidance products to help charities understand the requirements of registration. Current projects include developing or updating guidance products for charities involved in advancing religion, advancing education, relieving poverty, and carrying out related business activities.

As outlined in the Minister's mandate letter, the Directorate continues to be committed to collaborating with government partners to develop a social innovation and social finance strategy. The Directorate is also supporting a Budget 2018 commitment to respond to the Report of the Consultation Panel on the Political Activities of Charities.

## Education

The Directorate is exploring different ways to improve its program delivery, such as reviewing its communications products to make sure they are clear and easy to understand. In addition, the Directorate will continue to seek out new and innovative ways to communicate with the charitable sector and will also continue to leverage social media and electronic services to educate and facilitate interaction with the sector.

The following outreach activities are being developed:

- Videos will be created to educate charities on fundraising dinners, the de minimis rule, related business, fair market value, and obligations for new charities and board members.
- Graphic educational tools will be created to explain the Directorate's interpretation of charity law and its administrative approach to different topics. These tools are designed to be used by charity employees and directors when performing tasks such as issuing receipts for various events or changing the charity's fiscal year end.
- Podcasts will be piloted to feature subject matter experts explaining the Directorate's interpretation of the rules that apply to charities and their operations.
- Outreach activities will be conducted to help charities understand and protect themselves from terrorist abuse.

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The Directorate is also exploring options to further expand the Charities Education Program to conduct more educational visits to help registered charities understand and meet their requirements and obligations.

## Compliance

The Directorate has worked closely with other areas of the CRA to address high-risk non-compliance. The purpose of this collaboration has been to develop strategic partnerships and mechanisms for effectively addressing non-compliance through a more integrated approach. This is most relevant for charities that are engaged in highly complex and offshore transactions.

The Directorate is also working on a number of other compliance related projects including:

- reviewing the boards of registered charities to identify whether there are concerns related to ineligible individuals
- reviewing activities involving the acquisition and construction of real estate to ensure such activities further a charitable purpose
- reaching out to registered charities that have not been active for several years to confirm that they still meet the requirements for registration
- continuing to make automated courtesy calls to notify charities that the due date for filing their completed annual information return is approaching



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