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CRA auditing church-based advocacy group Kairos

By BILL CURRY

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The Canada Revenue Agency is in the final phase of an audit into the political activities of the church-based advocacy group Kairos, setting the stage for another potential conflict between the aid organization and the Conservative government.

The United Church of Canada, which administers funding for Kairos on behalf of a coalition of churches, is among the 52 charities currently facing a Canada Revenue Agency audit in relation to political activities.

Erik Mathiesen, the church's chief financial officer, said the audit of the church has been going on for almost a year and appears to be nearly done. He plans on submitting his final documents this week and expects to receive a final audit report by the fall, if not sooner. Mr. Mathiesen said virtually all of the questions from auditors related to political activity were focused on Kairos.

The recent wave of audits followed the 2012 Conservative budget announcement of \$8-million in new funding for CRA to increase enforcement of the rules regulating the political activities of charities. The audits have prompted concern that the Conservatives are targeting charities that speak out against government policies on issues such as the environment and human rights.

Mr. Mathiesen said in his experience, the CRA auditors have been supportive and cordial throughout the process. He said he is not yet siding with those – including some in his own church – who view the audits of charities as a settling of scores.

"I can find United Church people who will spit on you as they shout out about how this is awful," he said. "I do reserve the right to change my mind when I see the audit findings. Some of the stuff I've read in the press has sounded like [other charities are] being dragged through muskeg or something, but that hasn't been my experience at all."

While charities must remain non-partisan, political activity is allowed under a detailed list of restrictions and guidelines. The main rules date back to 2003, but starting in 2013, charities were asked to check off whether they participated in specific political activities such as petitions, boycotts or letter-writing campaigns.

The Harper government cancelled federal funding for Kairos in 2009 over its position on the Israeli-Palestinian conflict, ending 35 straight years of government transfers to the organization for foreign aid-related work.

Then-immigration minister Jason Kenney said at the time that the government was dismantling the "client relationship" between the government of Canada and organizations that support banned terrorist organizations like Hamas and Hezbollah and "deny the Jewish people's right to a homeland."

Kairos strongly rejected the government's characterization of its activities. Federal public servants at what was then the Canadian International Development Agency had praised the work of Kairos internally and had recommended a 4-per-cent increase in funding.

However then-CIDA minister Bev Oda signed the recommendation for four years of funding after the hand-written word "NOT" was included, prompting accusations the decision to deny funding was entirely political.

An official with Kairos said Thursday that no one was available to discuss the audit.

Kairos Canada is funded and directed as a joint venture by 11 Catholic and Protestant faith groups. The United Church of Canada administers the funding for Kairos and issues charitable tax receipts for donations from individuals.

CRA has said there are 52 audits of charities related to political activities that are currently in various stages of the audit process. However the CRA will not identify any of the 52 charities and will not be publishing any final reports.

Agency spokesperson Philippe Brideau said Thursday that no audits are made public unless they result in a revocation of charitable status or a sanction. Since Jan. 1, 2012, only one charity, Physicians for Global Survival, has had its status revoked for excessive political activity.

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