

Small Vancouver charity struggles with onerous CRA demands after audit (updated)

BY DEAN BEEBY, THE CANADIAN PRESS JULY 30, 2014

OTTAWA - A small Vancouver charity that helps the poor in Latin America has survived an audit of its political activities but is now struggling with fresh demands from the Canada Revenue Agency.

CoDevelopment Canada Association — known as CoDev — faces the crippling prospect of translating every scrap of paper it receives from 17 partners in El Salvador, Nicaragua, Honduras and elsewhere from Spanish into either English or French.

The demand, set out in a January compliance letter from the CRA, will start to bite this fall as the tiny four-person shop begins to receive banker's boxes full of Spanish-language documents from its Latin American projects, including taxi chits and bus-fare receipts.

The group's executive director, Barbara Wood, says the newly imposed requirement will drain away scarce resources, yet must be carried out or CoDev risks losing its charitable status.

The case is an example of how the CRA's 52 political-activity audits currently underway can end badly for a non-profit organization, even if it manages to pass the new class of audits instituted by the Harper government in 2012.

Many of the charities under audit have been critics of government policy, including CoDev, a trade union-funded group that has raised questions about Canada's free-trade deal with Colombia, among other issues.

"It makes me feel uncertain and a little bit stressed," Wood said in an interview. "I'm feeling fairly vulnerable."

CoDev reported \$1.3 million in expenses in 2012-2013, with some four per cent going to political activities. The rules say charities can devote up to 10 per cent of their resources to political activities, though partisan work such as endorsing a candidate or party are forbidden.

The group underwent a CRA financial audit in 2009, their first in 25 years. The lone agency accountant who visited the office made some helpful comments along with a few minor demands, said Wood.

Wood said she was surprised when the agency said another audit was coming, and three auditors — two of them political-activity specialists — showed up last year to go through the files again.

"It was extremely taxing," she said.

Among CRA's new demands: the official CoDev mission statement had to be rewritten to cite each human-rights law in all 11 Latin American countries that CoDev's partners try to uphold. That meant a lengthy four-page annex to the statement, in English translation.

CoDev also avoided any mention of "preventing poverty" in the mission statement, having been tipped by Oxfam Canada that CRA would not allow such a charitable goal. Oxfam had to agree only to the alleviation of poverty to maintain its charitable status.

But the most onerous condition, Wood said, is the major translation project ahead, which involves thousands of receipts.

"The amount of work is unbelievable," she said. "The rules seem to have been applied differently in 2009 than they were now ... We're a really small team and this is a huge amount of work."

A spokesman for the CRA said the agency cannot comment on specific cases because of the confidentiality provisions of the Income Tax Act.

But Philippe Brideau said the translation requirement has long been in place for all charities.

"It has always been a requirement that charities keep books and records in one of the official languages of Canada: French or English," he said. "Books and records can also be translated from their original language if they were created in a language other than English or French."

He added that "there is no set time frame within which the CRA conducts subsequent audits ... In some instances, the CRA conducts audits to ensure that a charity has implemented corrective measures identified at the time of a previous audit."

Wood said there is "a great sense of disquiet or unease that the CRA could come back at any time and say this is not actually what we were looking for."

"There's a sense of not wanting to speak out about anything, not wanting to have your head up above the crowd."

The Harper government ordered the political-activity audits in March 2012, handing CRA some \$8 million in funding that has since grown to \$13 million.

The measure closely followed statements from senior cabinet ministers that labelled environmental charities "terrorists" and "money launderers" for their opposition to government pipeline and energy policies.

Critics and the charities themselves have said the new wave of audits, also hitting labour- and church-sponsored groups, foreign-aid groups and human-rights organizations, has led to an "advocacy chill" as they fear speaking out.

But Revenue Minister Kerry-Lynne Findlay has said the government is simply holding charities to account, enforcing the rules and safeguarding public money. And CRA officials say they alone decide which charities to audit for political activities, and do so fairly.

An umbrella organization representing more than 70 international-aid groups in Canada says a survey

of members has found government funding drying up significantly since 2011, and many subject to relatively recent audits from the CRA and Foreign Affairs.

The Ottawa-based Canadian Council for International Co-operation also held workshops in October and April led by two lawyers to help members cope with the new political-activity audits, said spokeswoman Michelle Bested.

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Listed below are some Canadian charitable organizations under recent audit for their political activities.

Revenues and percentages are based on the groups' most-recent filings with Canada Revenue Agency. Rules dating from 2003 limit spending on political activities to no more than 10 per cent of all expenses.

CoDevelopment Canada Association, Vancouver

International aid (Latin America focus) charity, 2013 revenues of \$1.3 million; four per cent of expenses for political activities.

Political activities audit began 2013, concluded January 2014 with requirement the group must henceforth translate all paperwork from Spanish into English or French.

Pen Canada, Toronto

Charity for freedom of expression, 2011-2012 revenues of \$311,000; zero per cent of expenses for political activities.

Audit began in July 2014, includes political activities. Continues.

Tides Canada Foundation, Vancouver

Environmental foundation, 2012 revenues of \$16.3 million; zero per cent of expenses for political activities.

Audit began in 2011, includes political activities. Continues.

Subject of formal complaint by Ethical Oil to Canada Revenue Agency in August 2012 regarding political activities.

Tides Canada Initiatives Society, Vancouver

Environmental charity, 2012 revenues of \$13.2 million; two per cent of expenses for political activities.

Audit began in 2011, includes political activities. Continues.

Subject of formal complaint by Ethical Oil to Canada Revenue Agency in August 2012 regarding

political activities.

David Suzuki Foundation, Vancouver

Environmental charity, 2012-13 revenues of \$9.9 million; five per cent of expenses for political activities.

Audit began in May 2013, including into political activities. Continues.

Subject of several formal complaints by Ethical Oil to Canada Revenue Agency starting April 2012, regarding political activities.

Ecology Action Centre, Halifax

Environmental charity, 2012-13 revenues of \$1.9 million; four per cent of expenses for political activities.

Audit began fall 2012, including into political activities. Completed earlier this year with charitable status intact.

Canada Without Poverty, Ottawa

Social-justice charity, 2012-013 revenues of \$378,000; three per cent of expenses for political activities.

Audit began in fall of 2011, expanded to include political activities in 2012. Continues.

Equiterre, Montreal

Environmental charity, 2012 revenues of \$4.7 million; one per cent of expenses for political activities.

Audit began January 2013, including into political activities. Continues.

United Church of Canada, including Kairos

Religious charity, 2013 revenues of \$45.1 million, of which \$2.2 million was for Kairos; 1.1 per cent expenses for all political activities, and 4.5 per cent for political activities at Kairos alone.

Audit began in fall 2013, including into political activities. Continues.

Environmental Defence Canada Inc., Toronto

Environmental charity, 2012-2013 revenues of \$3.8 million; five per cent of expenses for political activities.

Audit began in 2011, expanded in 2012 to include political activities. Continues.

Subject of formal complaint by Ethical Oil to Canada Revenue Agency in March 2012 regarding political activities.

Canadian Centre for Policy Alternatives, Ottawa

Public policy charity, 2012 revenues of \$5.3 million; zero per cent of expenses for political activities.

Audit began in October 2013. Continues.

Amnesty International Canada, Ottawa

Human-rights charity, 2012 revenues of \$11.8 million; one per cent of expenses for political activities.

Audit began in December 2012, including into political activities. Continues.

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