

Votre référence Your file

Notre référence Our file

Mr. Peter van Boeschoten  
President – Director  
The Kanata Seniors Council Inc. /  
Conseil des Aînés de Kanata inc.  
2500 Campeau Drive  
Kanata ON K2K 2W3

**3033236**

October 24, 2006

**SUBJECT: NOTIFICATION OF REGISTRATION**  
**The Kanata Seniors Council Inc. /**  
**Conseil des Aînés de Kanata inc.**

Dear Mr. Boeschoten:

We are pleased to inform you that, based on the information supplied, and assuming that the activities will be as stated in the application, we have determined that the organization qualifies for tax-exempt status as a registered charity under paragraph 149(1)(f) of the *Income Tax Act* (the *Act*).

**Reason for Registration**

The Kanata Seniors Council Inc. / Conseil des Aînés de Kanata inc. is registered as a charity because it benefits the community:

- By relieving the conditions associated with the aging process by providing social, recreational, educational, cultural activities and other programs for senior citizens.
- By increasing the effectiveness and efficiency of the municipality to carry out their charitable programs, specifically those programs relating to the Kanata Seniors Centre.

**REGISTRATION INFORMATION**

- the charity's **Business Number** is **86731 4049 RR 0001**;
- the charity is **registered effective June 5, 2006**;
- the charity is **designated as a Charitable Organization**;
- the charity's **fiscal year end** has been established as **December 31**;
- the charity will have to **file its first annual return** on or before **June 30, 2007**, for the fiscal period ending **December 31, 2006**.

The following paragraphs and the documents attached to this letter will further explain the operational requirements the charity must meet, its filing requirements, the issuance of receipts, etc. Please take a few minutes to look over this information, and refer to this letter for any questions relating to the charity's status.

We also encourage you to refer to our website at <http://www.cra-arc.gc.ca/charities>. This website provides access to such subjects as directorate policies, newsletters and forms and publications. This site should equip you with extensive information related to the requirements for continued registration as a charity. Find out "What's New" by subscribing to our free electronic mailing list.

### General Information

Enclosed is a copy of a document entitled *Registered Charities and the Income Tax Act* which will assist you in complying with the operational and filing requirements that must be satisfied in order to maintain the organization's registered charity status. If you have any questions or require further assistance, please do not hesitate to contact our Client Assistance Group, either by phone at (613) 954-0410 or toll-free 1-800-267-2384, or by mail to the Charities Directorate, Canada Revenue Agency, Ottawa, ON K1A 0L5. Any questions pertaining to the GST may be addressed by telephoning toll-free at 1-800-959-5525.

### The Charity's Business Number

The Business Number (BN) system was implemented in April 1997. The BN consists of a nine-digit root, followed by a two-letter, four-digit account identifier. The nine-digit root is the same for each account the organization may have with Canada Revenue Agency (CRA). However, the two-letter, four-digit account identifier will be different for each account. The organization's charitable status is acknowledged by the **RR0001** - account identifier. Please note that the charity's BN should be written **in full**, including its charity account identifier, on all receipts it issues.

### The Charity's Designation

We have determined that the organization is a **Charitable Organization** because it meets the requirements of that definition as set out under subsection 149.1(1) of the *Act*. This designation determines the operational requirements that the charity will have to meet under the *Act*. These requirements are described in the information document referred to above. If you think this designation does not accurately reflect the present structure, source of funding or mode of operation of your organization, please write to us within sixty days of the mailing of this letter, clearly setting out your reasons.

At a later date, if the charity undergoes any of the modifications described in the next section, it may be required to change its designation. You may also wish, for other reasons, to see the organization's designation changed. In both cases, you would have to apply for re-designation by completing form *T2095*.

### **Changes in the Charity's Purposes, Activities, Sources of Support or Directors**

We have registered the organization based on the information provided with the application. If the organization wishes to formally change its stated purposes or objects, it should obtain our prior approval, because this may affect its status. If the organization wishes to undertake programs and activities that are materially different from those in the information already submitted to us, it should make sure that they are within the scope of the organization's stated purposes. Moreover, if the programs or activities are different from those we reviewed, they may not be charitable. As a precaution, we recommend that you check with us beforehand. If the organization actually undertakes programs that are not charitable, its registration may be revoked.

Furthermore, if the charity's sources of support, character, or method of operation were to change, you are required to advise us immediately, so that we may consider any impact this may have on its registered status. In addition, you are required to advise us if the relationships (by blood, marriage or adoption) among the directors and officials change.

These types of changes might affect the charity's designation and the operational requirements it has to meet under the *Act*.

### **Issuing Receipts Acknowledging Gifts to the Charity**

In order for donors to benefit from the tax incentives associated with gifting to a charity, they must receive an official receipt issued by a registered charity. Official receipts are those issued by a registered charity that meet the requirements set out under Regulation 3501 of the *Income Tax Act Regulations*.

**Official receipts can only be issued to acknowledge gifts** to the charity. A gift is defined as a voluntary transfer of property by a donor with "donative intent". "Donative intent" will be deemed to exist where the donor does not receive anything of a value exceeding 80% of the fair market value of the transferred property in return for the gift. A receipt can only be issued for the "eligible amount", which is the amount exceeding the value of anything the donor received in return.

A contribution of services (for example, time, skills or effort) does not qualify as a gift since services are not property. However, a charity can pay for services rendered and later accept the return of all or a portion of the payment as a gift, provided it is returned voluntarily.

For more information on what constitutes a gift in charity law and issuing receipts, please refer to our website at [www.cra-arc.gc.ca/charities](http://www.cra-arc.gc.ca/charities) or call our toll free line at 1-800-267-2384.

### **Books and Records**

A registered charity must keep adequate books and records so that we can establish that it continues to comply with the requirements for registration as a charity. For further details please see the enclosed Information Circular No. 78-10R4 entitled "*Books and Records Retention/Destruction*" and visit our website at <http://www.cra-arc.gc.ca/tax/business/topics/ecommerce/books-e.html> for information on electronic books and records.

### **Filing the Charity's Annual Information Return**

Every registered charity must file an information return each year and it must be filed no later than six months after the end of its fiscal period. Beginning with fiscal periods ending in 2003 and after, an information return includes:

- Form T3010A, *Registered Charity Information Return*, and the *Registered Charity Basic Information Sheet*;
- The list of directors/trustee or like officials, with all the required information;
- The list of qualified donees, with all the required information (if applicable); and
- A copy of the registered charity's financial statements.

The information that must be included annually in the return may differ substantially from that available in your current books and records. Here are some items of information you will have to provide on the return:

- a breakdown of gifts including those for which **official tax receipts** were issued and those from other registered charities;
- disbursements, including amounts spent on fund-raising, administrative expenditures, political activities, and those spent specifically on charitable programs; and,
- a breakdown of remuneration to directors, executive officers, to employees engaged in charitable activities and to employees engaged in other activities.

Although the information return forms are forwarded annually to all registered charities for their use and to remind them that the return must be filed, it is the charity's responsibility to ensure that it meets its annual filing requirements, without prior notice by CRA. It is important, therefore, for the Charities Directorate to always have the current address of the charity. **Failure to file the return within the prescribed six-month period following each fiscal year end could result in the revocation of the organization's registered status** (see below).

### **Gifts by the Charity (During its Lifetime and Upon Dissolution or Winding-Up)**

A registered charity may gift only to qualified donees described in subsection 149.1(1) of the *Act* (see appendix attached). In Ontario, registered charities may only gift to those “qualified donees” that are also registered *charitable organizations* under the *Act*. In all cases, once the Minister of National Revenue has issued a notice of intention to revoke the organization’s registration as a charity under the *Act*, the charity may subsequently divest itself of its assets only to eligible donees described in subsection 188(1.3) of the *Act* (see appendix attached). Further information about gifting and disposing of assets can be obtained from our Client Assistance Section (613-954-0410 or toll-free 1-800-267-2384).

### **Remuneration of Directors**

Subsection 149.1(1) of the *Income Tax Act* states that no part of the income of a registered charity can be payable to, or otherwise available for the personal benefit of any of its proprietors, members, shareholders, trustees, or settlers. This means that directors of registered charities must not receive any income from the charity simply for being named as director. However, the tax legislation does permit the charity to reimburse its directors for any expenses they incur while performing their duties. As well, the charity can make reasonable payments for the time the directors devote to the charity’s affairs, either when they are acting as directors or in some other capacity.

### **Other Possible Requirements Associated with Charitable Status**

The organization is now registered for federal income tax purposes. However, depending on which part of Canada it carries on its activities, there may be provincial legislation or municipal by-laws that could govern its operations. These rules may require you to file reports or annual returns, or to apply for licenses in connection with various aspects of its activities, such as fund-raising. If you are unfamiliar with these requirements, you should contact the appropriate provincial and municipal authorities to determine the relevant requirements. Please note that if you intend to issue receipts to residents of Québec for Québec provincial income tax purposes, the charity must also be formally registered with Revenu Québec.

### **Charity Audits**

Through ongoing audit and review programs, CRA endeavours to ensure that the requirements for continued registration are met. Further, a number of registered charities are verified by CRA each year on the basis of random sampling and a review of the annual returns filed by charities. Where the charity is not complying with the *Act*, its registration may be revoked.

### **Revocation of Charitable Status**

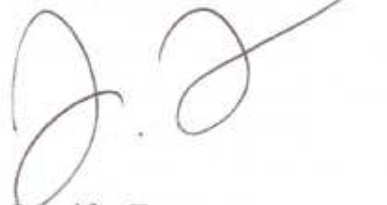
In the event that the charity loses its charitable status, either on a voluntary basis or for cause, it would lose its tax-exempt status as well as its authority to issue official receipts for income tax purposes. Further, it would be subject to a tax equal to the value of any remaining assets not disposed of in a prescribed manner. Please refer to the section entitled *Revocation of a charity's registration* at page 13 of the document entitled *Registered Charities and the Income Tax Act*.

### **Gifts to Qualified Donees Only**

We would point out that besides carrying on its own charitable activities, your organization may gift funds only to organizations that are **qualified donees** (see the attached appendix). To gift funds to a non-qualified donee would be a contravention of the terms of the charitable registration granted to your organization. Accordingly, if your charity is contemplating financially assisting any other organization, it is incumbent upon your organization to determine that the intended recipient organization is, in fact, a **qualified donee**.

**Because this letter could help resolve any questions about the charity's charitable status, you should keep it in your permanent records.**

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer Fraser', with a long horizontal stroke extending to the right.

Jennifer Fraser  
Charities Officer  
for Elizabeth Tromp,  
Director General  
Charities Directorate

Attachments  
JF/nl