

APPENDIX VI

Books and records

A registered charity must keep adequate books and records. A charity's books and records must allow the Canada Revenue Agency (CRA) to:

- verify revenues, including all charitable donations received;
- verify that resources are spent on charitable programs; and
- verify that the charity's purposes and activities continue to be charitable.

Books and records include:

Governing documents (incorporating documents, constitution, trust document), bylaws, financial statements, copies of official donation receipts, copies of annual information returns (Form T3010, Registered Charity Information Return), written agreements, contracts, board and staff meeting minutes, annual reports, ledgers, bank statements, expense accounts, inventories, investment agreements, accountant's working papers, payroll records, promotional materials, and fundraising materials.

Books and records also include **source documents**. Source documents support the information in the books and records, and include items such as: invoices, vouchers, formal contracts, work orders, delivery slips, purchase orders, and bank deposit slips.

I. Where should books and records be kept?

Books and records must be kept at the Canadian address that the charity has on file with us. This includes all books and records related to any activity carried on outside Canada. The charity's books and records cannot be kept at a foreign address.

II. How long must a charity hold on to its books and records?

A charity must keep books and records as follows:

- **Copies of official donation receipts** (other than for 10-year gifts) - Must be kept for a minimum of two years from the end of the calendar year in which the donations were made.
- **Records for 10-year gifts** - Must be kept for as long as the charity is registered and for a minimum of two years after the date the registration of the charity is revoked.

APPENDIX VI

- **Minutes of meetings of the directors/trustees/executives** - Must be kept for as long as the charity is registered and for a minimum of two years after the date the registration of the charity is revoked or, in the case of a corporation, for two years after the day the corporation is dissolved.
- **Minutes of meetings of the members** - Must be kept for as long as the charity is registered and for a minimum of two years after the date the registration of the charity is revoked.
- **Governing documents and bylaws relating to the charity** - Must be held for as long as the charity is registered and for two years after the date the registration of the charity is revoked.
- **General ledgers or other books of final entry containing summaries of year-to-year transactions and the accounts necessary to verify the entries** - Must be kept for six years from the end of the last tax year to which they relate, while the charity is registered, and for two years after the date the registration of the charity is revoked or, in the case of a corporation, for two years after the day the corporation is dissolved.
- **Financial statements, source documents and copies of annual information returns (T3010 forms)** - Must be kept for six years from the end of the last tax year to which they relate or, if the charity is revoked, for two years after the date of revocation.

III. Can books and records be kept in electronic format?

Yes, however:

- Electronic records are subject to the same rules and retention periods as described above.
- Books and records that are created and maintained in electronic format must be kept in an electronically readable format, even if the charity has paper printouts of the electronic records. An electronically readable format means information supported by a system capable of producing an accessible and useable copy that would allow auditors to process and analyze the electronic records on CRA equipment.
- If any source documents are initially created, transmitted, or received electronically, they must be kept in an electronically readable format.
- Scanned images of paper documents, records, or books of account that are maintained in electronic format are acceptable if proper imaging practices are followed and documented.

APPENDIX VI

IV. What are the responsibilities for properly maintaining books and records?

A registered charity is responsible not only for keeping books and records, but for maintaining, retaining, and safeguarding these records as follows:

- If the charity hires a third party to maintain its records, the charity is still responsible for meeting all requirements. Third parties include bookkeepers, accountants, Internet transaction managers, and application service providers.
- The charity should keep all its books and records in one area for easy access. This will make it easier for the charity in the case of an audit or when there is a change to the governing board.
- The charity should also keep copies of its books and records in a separate location (preferably off-site) for backup purposes.
- The charity is responsible for making its books and records available to CRA officials. These officials are authorized to inspect, audit, or examine a charity's records, as well as make or have made copies of any records, including electronic records.

V. What are the consequences of improper record keeping?

Failure to keep adequate books and records may result in the suspension of a registered charity's tax receipting privileges, or the loss of its registered status.