



2.4 Records and Retention Period

Excerpt from CRA website

(For more information, watch CRA's webinar: Financial statements and 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, donation envelopes, copies of annual information return (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.

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.

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 - 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.
- 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.

Can books and records be kept in electronic format?

Yes, however:

- Electronic records are subject to the same rules and retention periods.
- 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.

Refer to IC05-1R1, Electronic Record Keeping for additional information.

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.

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.

More questions and answers

1. Our last treasurer has our books and records and refuses to give them to us. As a result, we can't get the necessary information to file our T3010 information return. What should we do?

You should advise us in writing, because you are responsible for maintaining adequate books and records and for meeting your filing requirements. You may want to consider legal means to get the documents from the treasurer.

2. Our computer crashed and it looks like all our records have been lost. What should we do?

You may be able to retrieve your records through the use of a computer specialist. You should also be able to use your back-up files. It is your responsibility to make sure your electronic books and records have been archived or backed up properly and adequately to meet your books and record-keeping obligations.

For information on GST/HST requirements, see General Requirements for Books and Records.

3. Can we destroy our books and records before the required retention period has passed?

Yes, with the Minister's written permission. To ask for permission, fill out Form T137, Request for Destruction of Records, and send it to: Charities Directorate Canada Revenue Agency **Ottawa ON K1A 0L5**

4. Do we need to keep the envelopes from our church offerings?

Yes. Where an envelope is used as a source document, it must be kept for a period of six years from the end of the tax year to which the envelope relates. This position is effective as of 2016 and includes envelopes for the 2015 tax year and onward.