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TREASURER  
SPECIAL ASSITANCE SERVICES SEARCH  
AND RESCUE ASSOCIATION CANADA  
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September 4, 1998

Dear Mrs. Dyrland:

Subject: Charity Tax Audit

This letter is further to an audit of the books, records and activities of SPECIAL ASSITANCE SERVICES SEARCH AND RESCUE ASSOCIATION CANADA (the "Charity") which was conducted by a representative of the Department. This audit related to the operations of the Charity for its fiscal period ended March 31, 1995. We apologize for the delay in not formally communicating sooner the results from this audit due to workload demands at the Charities Division.

In order to maintain its registration, a registered charity must comply with all the requirements of the *Income Tax Act* and the Regulations (the "Act") that pertain to registered charities. The results of this audit indicate that the Charity may be in contravention of certain provisions of the *Act* as described hereafter.

1) Per Subsection 149.1(14) of the *Act*, every registered charity shall, within 6 months from the end of each taxation year of the charity, file with the Minister both an information return and a public information return for the year, each in prescribed form (T3010) and containing prescribed information, without notice or demand therefor.

The audit revealed that the T3010 was incomplete and inaccurate and that the T3010 was not filed within 6 months of March 31, 1995. We notice that the Charity has now failed to file the T3010 of March 31, 1996 and of March 31, 1997.

2) Regulation 3501(1)(a) stipulates that every official receipt issued by a registered organization shall show clearly the name and address in Canada of the organization as recorded with the Minister.

The audit revealed that the Charity's official receipts did not contain the charity's name as recorded with Revenue Canada.

3) Per Subsection 149.1(2) of the *Act*, where the organization fails to expend, in any taxation year, 80% of the tax-receipted gifts amount of the immediately preceding taxation year on charitable activities carried on by it, the Minister may revoke the registration of a charitable organization.

The audit revealed that the Charity failed to meet its disbursement quota for the March 31, 1994 and March 31, 1995 taxation years.

Consequently, we hereby request written assurances from the management of SPECIAL ASSITANCE SERVICES SEARCH AND RESCUE ASSOCIATION CANADA to advise us of the specific corrections to the above audit findings the Charity is considering to meet the requirements of the *Act*. The Charity's failure to meet the requirements regarding the T3010, the receipts and the dibursement quota can be a source of great concern for the Charity because of the potential tax consequence in addition to losing its registered status. We would also appreciate receiving the T3010 of March 31, 1996 and of March 31, 1997.

We have enclosed different publications on gifts and official donation receipts, charity's operations, and T-3010 information returns.

If you require further information, clarification or assistance, please contact our Client Assistance Section at the toll free number 1-800-267-2384. Do not hesitate to contact Raymond Séguin, Audit advisor, at [REDACTED] if you wish to discuss the above issues. Please forward your undertakings and 1996 and 1997 T3010's, within the next thirty (30) days, to Rhéal Dorval, Assistant Director, Audit Section, Charities Division, Revenue Canada, 1800 - 320 Queen Street, Ottawa, Ontario K1A 0L5.

Yours sincerely,

Rhéal Dorval, CGA  
Assistant Director-Audit  
Charities Division

**Enclosures:**

IT-110R3, Gifts and Official Donation Receipts  
Information on the Income Tax Act and Registered Charities  
T4033, Completing the Registered Charity Information Return  
T3010 (3 copies)