



Bill C-377 Status Report

An Information Package for Unions in the GTA

Includes:

- ✓ **Advice from Stern Cohen Accountants – Union Advisors**
- ✓ **Measures to Protect Your Union**
- ✓ **Reporting Checklist**

Dear Union Representative:

As longtime advisors and service providers to the Amalgamated Transit Union Local 113, we have been watching Bill C-377 unfold since it was introduced in December 2011 as a private member's bill by a Conservative MP.

We were greatly surprised when the bill received royal assent on June 30, 2015. As a result, it will be effective for the 2016 calendar year.

Bill C-377 has increased the reporting requirements for unions from zero to an onerous level of compliance. Now we're left with few options unless the bill is repealed.

But what if we can't repeal Bill C-377?

As accountants, we're greatly aware of the power of the Canada Revenue Agency. The CRA has the authority to penalize those who fail to comply with Canadian taxation law. As advisors to unions, we feel it's our duty to make you aware of the risks so that unions can take measures to minimize their exposure.

We hope you find this information package useful. If you would like more information or further assistance, please contact us directly.

Sincerely,

Richard Mendelsohn and Lorne Lebow
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More info on our website: www.sterncohen.com/nonprofit



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Potential Penalties:

Non-compliance with Bill C-377 carries a fine of \$1,000 per day to a maximum of \$25,000.

Measures to Protect Your Union:

What can Locals do now to prepare for this new reporting?

If Bill C-377 survives the next election, you will need to start compiling data for reporting purposes on January 1, 2016 if you have a December 31st year end.

Here are our recommendations:



Those currently without a formal accounting system will need to set up a complete set of books, either manual or computerized, in order to produce financial statements and reports that comply with the legislation. I highly recommend a computerized accounting system such as Quickbooks.



Those who already have a formal accounting system will need to review their general ledger chart of accounts. New accounts may be needed to gather the information which will be requested by the CRA.



Systems will need to be implemented to track the percentage of time spent by employees and contractors of the Local on political activities, lobbying activities and other non-labour relations activities.



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Reporting Checklist:

According to Bill C-377, unions must compile and submit the following information to the Canada Revenue Agency annually within 6 months of the Local's fiscal year end:

- ✓ Financial statements including a balance sheet, statement of income and expenditures;
- ✓ Details of all transactions for any payer or payee where the aggregate for the year is greater than \$5,000;
- ✓ Statement of disbursements to officers, directors, trustees, and employees with compensation over \$100,000 including an estimate of the percentage of time to each of political activities, lobbying activities, and other non-labour relations activities.

The following items must be disclosed in the statement of income and expenditures:

- ✓ Labour relation activities
 - ✓ Political activities
 - ✓ Lobbying activities
 - ✓ Contributions, gifts and grants
 - ✓ Administration
 - ✓ General overhead
 - ✓ Organizing activities
 - ✓ Collective bargaining activities
 - ✓ Education and training activities
 - ✓ Legal activities
- ✓ Transactions with non-arm's length parties must also be disclosed.

We Can Help:

If you are looking for an accounting firm experienced in dealing with issues affecting Canadian labour organizations, please give us a call for a free consultation.

For more information, please contact:

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