



THE CANADIAN
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December 13, 2013

Via email: ed.accounting@cpacanada.ca; ed.psector@cpacanada.ca

Mr. Peter Martin, Director
Accounting Standards Board
277 Wellington Street West
Toronto, Ontario M5V 3H2

Mr. Tim Beauchamp, Director
Public Sector Accounting Board
277 Wellington Street West
Toronto, Ontario M5V 3H2

Dear Mr. Martin and Mr. Beauchamp:

Re: Statement of Principles, Improvements to Not-for-Profit Standards

On behalf of the Charities and Not-for-Profit Law Section of the Canadian Bar Association (the CBA Section), I am writing to provide comments on the proposals by the Accounting Standards Board (the AcSB) and the Public Sector Accounting Board (the PSAB) for enhancements to the existing standards for financial reporting by not-for-profit organizations.

The CBA is a national association representing 37,500 jurists including lawyers, notaries, law teachers and students across Canada. The CBA's primary objectives include improvement in the law and in the administration of justice. The CBA Section represents lawyers from across Canada who advise or serve on the boards of charitable and other not-for-profit organizations.

While the CBA Section appreciates the efforts of the AcSB and the PSAB in their Statement of Principles, Improvements to Not-for-Profit Standards issued April 2013 (the Standards) to enhance the existing standards for financial reporting by not-for-profit organizations, the CBA Section does have some significant concerns about the Standards. These concerns are well expressed in the November 5, 2013 letter from Imagine Canada, a copy of which is annexed to this submission, and which the CBA Section fully supports.

The CBA Section also encourages the AcSB and the PSAB to carefully consider the impact on small charities of some of the changes in the Standards, particularly the proposal to remove the current "size exemption" for recording tangible assets. While it may be appropriate to lower the monetary threshold for the exemption, removing it completely may especially burden small charities (already stretched for resources) with additional administrative requirements and costs without a proportionate benefit to the readers of their statements, or to the charities themselves. In addition, if the exemption is modified or removed, clear transition rules should be in place (including, for example, a grandparenting of existing assets that have not been amortized under the current exemption).

Further, the CBA Section encourages the AcSB and the PSAB to consult further with the Canada Revenue Agency on the Standards to ensure greater harmonization between the Standards and the T3010 Registered Charity Information Return annually filed by registered charities. The charitable sector lacks the financial, human and technical resources to interpret and deal with the impact of the Standards or to make the changes internally that will be required as a result of the Standards.

Given the substantial impact of the Standards on the charitable and non-profit sectors, the CBA Section encourages the AcSB and the PSAB to consider the issues raised by Imagine Canada and in this submission.

The CBA Section would be pleased to provide ongoing input from the perspective of the legal profession or answer questions that the AcSB or the PSAB may have about this submission or other issues pertaining to the Standards.

Yours truly,

(original signed by Sarah MacKenzie for Margaret H. Mason)

Margaret H. Mason
Chair, Charities and Not-for-Profit Law Section