



BY REGISTERED MAIL

Kids International Discovering Safety Foundation
2608 80th avenue S.E.
Calgary, Alberta T2C 2K7

Attention: Mr. Greg Rector

BN: 86414 8044 RR0001
File #: 3021639

SUBJECT: Notice of Intent to Revoke
Kids International Discovering Safety Foundation

Dear Mr. Rector:

I am writing to you further to our letter dated April 11, 2005.(copy attached), in which you were invited to submit representations to us as to why the Minister of National Revenue should not revoke the registration of Kids International Discovering Safety Foundation (hereinafter, the "Foundation") in accordance with subsection 168(1) of the *Income Tax Act* (hereinafter, the "Act"). As of January 10, 2005, we still have not received any response to our letter.

I wish to advise you that pursuant to the authority granted to the Minister in subsection 168(1) of the Act and delegated to me, I propose to revoke the registration of the Foundation. By virtue of subsection 168(2) of the Act, the revocation will be effective on the date of publication in the *Canada Gazette* of the following notice:

Notice is hereby given, pursuant to paragraphs 168(1)(b), 168(1)(d) and 168(1)(e) of the Income Tax Act, that I propose to revoke the registration of the organization listed below and that the revocation of registration is effective on the date of publication of this notice.

File Number	Business Number	Name
3021639	86414 8044 RR0001	Kids International Discovering Safety Foundation Calgary, Alberta

.../2

Should you wish to appeal this notice of intention to revoke the Foundation's registration, you must file an objection. To file an objection, you must submit a written document setting out the reasons for the objection and the relevant facts. This must be filed within 90 days from the date of the present letter and sent to:

Tax and Charities Appeals Directorate
Appeals Branch
Canada Revenue Agency
25 Nicholas Street
Ottawa, ON K1A 0L5

Consequences of a Revocation

As of the date of revocation of the registration of the Foundation, which is the date upon which the above-noted notice is published in the *Canada Gazette*, the Foundation will no longer be exempt from Part I Tax as a registered charity and **will no longer be permitted to issue official donation receipts**.

Additionally, the Foundation may be subject to tax pursuant to Part V, section 188 of the Act. For your reference, I have attached a copy of the relevant provisions of the Act (Appendix "A") concerning revocation of registration and the tax applicable to revoked charities as well as appeals against revocation.

I wish to advise you that pursuant to subsection 150(1) of the Act, a return of income for each taxation year in the case of a corporation (other than a corporation that was a registered charity throughout the year) shall without notice or demand therefore, be filed with the Minister in prescribed form containing prescribed information.

We thank you for your cooperation in this matter.

Yours sincerely,



Elizabeth Tromp
Director General
Charities Directorate

Attachments:

Our letter dated April 11, 2005
Appendix "A", Relevant Provisions of the Act



Canada Revenue
Agency

Agence du revenu
du Canada

BY REGISTERED MAIL

April 11, 2005

Your file Votre référence

Our file Notre référence

KIDS INTERNATIONAL DISCOVERING SAFETY FOUNDATION
C/O GREG RECTOR
2608 80th AVENUE S.E.
CALGARY, AB T2C-2K7

Re: BN: 864148044 RR0001
Audit of Books and Records for the Period January 1, 2002 to December 31, 2003

Dear Mr. Rector:

This letter is further to an audit of the books and records of account of KIDS INTERNATIONAL DISCOVERING SAFETY FOUNDATION (the "Charity"). The audit related to the operations of the charity for its fiscal periods ended December 31, 2002 and December 31, 2003.

The audit has raised concerns about the Charity's compliance with certain provisions of the *Income Tax Act* (the "Act"). For a registered charity to retain its registration, it must comply with the provisions of the *Act*. If a particular registered charity does not comply with these provisions, the Minister may revoke that charity's registration in the manner described in subsection 168(2) of the *Act*. The balance of this letter describes the Canada Revenue Agency's (CRA's) concerns.

Books & Records

The *Act* requires, under subsection 230(2), that registered charities maintain adequate books and records of account at a single address in Canada that is registered with the Agency. This provision is necessary to enable a charity to accurately provide CRA with the information required by the *Act* as well as to enable CRA to verify the accuracy of reported information through an audit and to determine whether there are any grounds for the revocation of the charity's registration.

No books and records were provided for the audit, as two of the directors during the audit period each stated that the other has the records.

Under paragraph 168(1)(e) of the *Act*, the Minister may, by registered mail, give notice to a registered charity that he proposes to revoke its registration if it fails to comply with or contravenes section 230 of the *Act* dealing with Books and Records.

Information Returns Not Filed

Subsection 149.1(14) of the *Act* requires that every registered charity file a completed information return (Form T3010) without notice or demand therefore, within six months from the end of each fiscal period. If a registered charity fails to file such a return, it may lose its registered status. Our records indicate that the CRA has not received the required return for the fiscal period ended December 31, 2003.

Under 168(1)(c) of the *Act*, the Minister may, by registered mail, give notice to a registered charity that he proposes to revoke its registration if it fails to comply with subsection 149.1(14) of the *Act* dealing with Information Returns.

Conclusion

For each of the reasons indicated above, it appears to us that there are grounds for revocation of the charity's status as a registered charity.

The consequences to a registered charity of losing its registration include:

1. The loss of its tax exempt status as a registered charity which means that the charity would become a taxable entity under Part I of the *Income Tax Act* unless, in the opinion of the Director of the applicable Tax Services Office, it qualifies as a non-profit organisation as described in paragraph 149(1)(l) of the *Act*;
2. Loss of the right to issue official donation receipts for income tax purposes which means that gifts made to the charity would not be allowable as a tax credit to individual donors as provided at subsection 118.1(3) of the *Act* or as a deduction allowable to corporate donors under paragraph 110.1(1)(a) of the *Act*; and
3. The possibility of a tax payable under Part V, subsection 188(1) of the *Act*.

For your reference, we have attached a copy of the relevant provisions of the *Income Tax Act* concerning revocation of registration and the tax applicable to revoked charities as well as appeals against revocation.

If you do not agree with the facts outlined above, or if you wish to present any reasons why the Minister of National Revenue should not revoke the registration of KIDS INTERNATIONAL DISCOVERING SAFETY FOUNDATION in accordance with subsection 168(2) of the *Act*, you are invited to submit your representations within 30 days from the date of this letter. Subsequent to this date, the Director General of the Charities Directorate will decide whether or not to proceed with the issuance of a Notice of intention to revoke registration of the charity in the manner described in section 168 of the *Act*.

If you appoint a third party to represent you in this matter, please send us a written authorization naming that individual and explicitly authorizing that individual to discuss the Charity's file with us.

If you require further information, clarification, or assistance, please contact the undersigned at the telephone number or address listed below.

Yours truly,

Sarah Vendel, B.Comm.
Verification and Enforcement Division

Telephone: (780) 495 - 8017
Fax: (780) 495 - 4243
Address: 9700 Jasper Avenue
Edmonton, AB T5J 4C8

Toll free: 1-800-992-0562
Internet: www.cra-adr.gc.ca