



REGISTERED MAIL

National Wild Turkey Federation – Canada



BN: 88805 5621

Attention: Mr. Jack Playne, Vice President

File #: 3036711

June 26, 2013

**Subject: Revocation of Registration
 National Wild Turkey Federation - Canada**

Dear Sir:

The purpose of this letter is to inform you that a notice revoking the registration of National Wild Turkey Federation – Canada (the Organization) was published in the *Canada Gazette* on June 26, 2013. Effective on that date, the Organization ceased to be a registered charity.

Consequences of Revocation:

- a) The Organization is no longer exempt from Part I tax as a registered charity and **is no longer permitted to issue official donation receipts**. This means that gifts made to the Organization are no longer allowable as tax credits to individual donors or as allowable deductions to corporate donors under subsection 118.1(3), or paragraph 110.1(1)(a), of the *Income Tax Act*, respectively.
- b) By virtue of section 188 of the Act, the Organization will be required to pay a tax within one year from the date of the Notice of Intention to Revoke. This revocation tax is calculated on prescribed form T-2046, *Tax Return Where Registration of a Charity is Revoked* (the Return). The Return must be filed, and the tax paid, on or before the day that is one year from the date of the Notice of Intention to Revoke. A copy of the Return is enclosed. The related Guide RC-4424, *Completing the Tax Return Where Registration of a Charity is Revoked*, is available on our website at www.cra-arc.gc.ca/E/pub/tg/rc4424.

Section 188(2) of the Act stipulates that a person (other than a qualified donee) who receives an amount from the Organization is jointly and severally liable with the Organization for the tax payable under section 188 of the Act by the Organization.

- c) The Organization no longer qualifies as a charity for purposes of subsection 123(1) of the *Excise Tax Act* (ETA). As a result, the Organization may be subject to obligations and entitlements under the ETA that apply to organizations other than charities. If you have any questions about your GST/HST obligations and entitlements, please call GST/HST Rulings at 1-888-830-7747 (Quebec) or 1-800-959-8287 (rest of Canada).

In accordance with *Income Tax Regulation* 5800, the Organization is required to retain its books and records, including duplicate official donation receipts, for a minimum of two years after the Organization's effective date of revocation.

Finally, we wish to advise that subsection 150(1) of the Act requires that every corporation (other than a corporation that was a registered charity throughout the year) file a *Return of Income* with the Minister of National Revenue (the Minister) in the prescribed form, containing prescribed information, for each taxation year. The *Return of Income* must be filed without notice or demand.

If you have any questions or require further information or clarification, please do not hesitate to contact the undersigned at the numbers indicated below.

Yours sincerely,



Per

Danie Huppé-Cranford
Director
Compliance Division
Charities Directorate
Telephone: 613-957-8682
Toll free: 1-800-267-2384

Enclosures

- Copy of the Return (form T-2046)
- Canada Gazette publication

c.c.: Mr. Randy Roloson, President





MAY 14 2013

REGISTERED MAIL

National Wild Turkey Federation – Canada

BN: 888055621RR0001

Attention: Mr. Jack Playne, Vice President

File #:3012615

**Subject: Notice of Intention to Revoke
 National Wild Turkey Federation - Canada**

Dear Mr. Playne:

I am writing further to our letter dated August 21, 2012 (copy enclosed), in which you were invited to submit representations as to why the registration of National Wild Turkey Federation - Canada (the Organization) should not be revoked in accordance with subsection 168(1) of the *Income Tax Act*.

The Organization submitted a written response, dated November 22, 2012. In its response, the Organization states that at this time they cannot meet all of the areas of non-compliance as listed in the audit, specifically in the area of fundraising expenses to fundraising revenues. As such, the Organization feels that it would be in its best interest to relinquish its charitable status.

We have reviewed and considered the Organization's response and, accordingly, are proceeding with the revocation of the Organization's registration. The basis for this revocation remains the same as noted in our letter of August 21, 2012, as listed below.

Conclusion:

The Canada Revenue Agency's (CRA) audit has revealed that the Organization is not complying with the requirements set out in the *Income Tax Act*. Specifically, it was found that the Organization did not devote all its resources to its charitable purposes, failed to issue donation receipts in accordance with the Act, failed to maintain proper books and records, and inaccurately completed the T3010, Registered Charity Information Return. For all of these reasons, and for each reason alone, it is the position of the CRA that the Organization no longer meets the requirements necessary for charitable registration and should be revoked in the manner described in subsection 168(1) of the Act.

Consequently, for each of the reasons mentioned in our letter dated

August 21, 2012, I wish to advise you that, pursuant to subsection 168(1) and 149.1(2) of the Act, I propose to revoke the registration of the Organization. By virtue of subsection 168(2) of the Act, revocation will be effective on the date of publication of the following notice in the *Canada Gazette*:

Notice is hereby given, pursuant to paragraphs 168(1)(b), 168(1)(c), 168(1)(d), 168(1)(e), and subsection 149.1(2) 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.

Business Number
888055621RR0001

Name
National Wild Turkey Federation -
Canada
Perkinsfield ON

Should you wish to object to this notice of intention to revoke the Organization's registration in accordance with subsection 168(4) of the Act, a written Notice of Objection, which includes the reasons for objection and all relevant facts, must be filed within **90 days** from the day this letter was mailed. The Notice of Objection should be sent to:

Tax and Charities Appeals Directorate
Appeals Branch
Canada Revenue Agency
250 Albert Street
Ottawa ON K1A 0L5

Notwithstanding the filing of an Objection, a copy of the revocation notice, described above, will be published in the *Canada Gazette* after the expiration of 30 days from the date this letter was mailed. The Organization's registration will be revoked on the date of publication.

A copy of the relevant provisions of the Act concerning revocation of registration, including appeals from a notice of intent to revoke registration can be found in Appendix "A", attached.

Consequences of Revocation

As of the effective date of revocation:

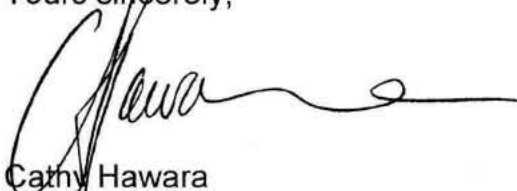
- a) the Organization will no longer be exempt from Part I Tax as a registered charity and **will no longer be permitted to issue official donation receipts**. This means that gifts made to the Organization would not be allowable as tax credits to individual donors or as allowable deductions to

corporate donors under subsection 118.1(3), or paragraph 110.1(1)(a), of the Act, respectively;

- b) by virtue of section 188 of the Act, the Organization will be required to pay a tax within one year from the date of the Notice of Intention to Revoke. This revocation tax is calculated on prescribed form T-2046, *Tax Return Where Registration of a Charity is Revoked* (the Return). The Return must be filed, and the tax paid, on or before the day that is one year from the date of the Notice of Intention to Revoke. A copy of the relevant provisions of the Act concerning revocation of registration, the tax applicable to revoked charities, and appeals against revocation, can be found in Appendix "A", attached. Form T-2046 and the related Guide RC-4424, *Completing the Tax Return Where Registration of a Charity is Revoked*, are available on our Web site at www.cra-arc.gc.ca/charities;
- c) the Organization will no longer qualify as a charity for purposes of subsection 123(1) of the *Excise Tax Act*. As a result, the Organization may be subject to obligations and entitlements under the *Excise Tax Act* that apply to organizations other than charities. If you have any questions about your GST/HST obligations and entitlements, please call GST/HST Rulings at 1-888-830-7747 (Quebec) or 1-800-959-8287 (rest of Canada).

Finally, I wish to advise that subsection 150(1) of the Act requires that every corporation (other than a corporation that was a registered charity throughout the year) file a *Return of Income* with the Minister in the prescribed form, containing prescribed information, for each taxation year. The *Return of Income* must be filed without notice or demand.

Yours sincerely,



Cathy Hawara
Director General
Charities Directorate

Attachments:

- CRA letter dated August 21, 2012
- Response from Organization dated November 22, 2012
- Appendix "A", Relevant provisions of the Act

c.c.: Mr. Randy Roloson, President





CANADA REVENUE
AGENCY

AGENCE DU REVENU
DU CANADA

REGISTERED MAIL

National Wild Turkey Federation – Canada



Attention: Mr. Jack Playne, Vice President

BN: 888055621 RR0001

File #: 3012615

August 21, 2012

Subject: Audit of National Wild Turkey Federation - Canada

Dear Mr. Playne

This letter is further to the audit of the books and records of the National Wild Turkey Federation - Canada (the Organization) conducted by the Canada Revenue Agency (the CRA). The audit related to the operations of the Organization for the period from September 1, 2006 to August 31, 2010.

This letter is a follow up to the Administrative Fairness Letter issued by the CRA dated September 27, 2010, and the Organization's representations dated November 26, 2010. The CRA has identified specific areas of non-compliance with the provisions of the *Income Tax Act* and/or its *Regulations* in the following areas:

AREAS OF NON-COMPLIANCE:		
	Issue	Reference
1.	Failure to Devote All of Its Resources to its Charitable Purposes	149.1(1), 149.1(2), 168(1)(b)
2.	Issuing receipts not in accordance with the Act	149.1(2), 168(1)(d), Regulations 3500, 3501(1), 3501(1.1)
3.	Failure to Maintain Adequate Books and Records	168(1)(e), 230(2)
4.	Inaccurate Completion of T3010 Registered Charity Information Return	149.1(14), 168(1)(c)

The purpose of this letter is to describe the areas of non-compliance identified by the CRA during the course of the audit as they relate to the legislative and common law requirements applicable to registered charities, and to provide the Organization with the opportunity to make additional representations or present additional information. Registered charities must comply with the law, failing which the Organization's registered status may be revoked in the manner described in section 168 of the Act.

The balance of this letter describes the identified areas of non-compliance in further detail.

Identified Areas of Non-Compliance:

1. Failure to Devote All of Its Resources to its Charitable Purposes

The Organization is registered as a charitable organization. Under subsection 149.1(1) of the Act, a "charitable organization" is defined as "*an organization...all the resources of which are devoted to charitable activities carried on by the organization itself...*"

In order for an organization to be recognized as a charity, it must be constituted exclusively for charitable purposes, and devote its resources to charitable activities in furtherance thereof.¹ In the Supreme Court decision of *Vancouver Society of Immigrant and Visible Minority Women v. M.N.R.* [1999] 1 S.C.R. 10, Iacobucci J. speaking for the majority, summarized the requirements for charitable registration at paragraph 159, as follows:

"In conclusion, on the basis of the Canadian jurisprudence, the requirements for registration under s. 248(1) come down to two:

(1) the purposes of the organization must be charitable, and must define the scope of the activities engaged in by the organization; and

(2) all of the organization's resources must be devoted to these activities,..."

The term "charitable" is not defined in the Act therefore it is necessary to rely on the jurisprudence in the common law. The courts have recognized four general categories of charitable purposes: (1) the relief of poverty; (2) the advancement of religion; (3) the advancement of education; and (4) other purposes beneficial to the community as a whole (or a sufficient section thereof) in a way that the law regards as charitable. This last category identifies an additional group of purposes that have been

¹ *Vancouver Society of Immigrant & Visible Minority Women v. Minister of National Revenue*, [1999] 1 S.C.R. 10, at page 110 (paragraph 152, 154, 156)

held charitable at law rather than qualifying any and all purposes that provide a public benefit as charitable.

In order to accomplish its charitable purposes, a registered charity may only use its resources (funds, personnel and/or property) in two ways, both inside and outside of Canada: for charitable activities undertaken by the charity itself under its continued supervision, direction and control; and for gifting to "qualified donees" as defined in the Act.

The objects of the Organization, by letters patent dated July 31, 1998 are:

- to establish, maintain and promote interest in the protection and propagation of the wild turkey population in Canada;
- to raise money for developing, preserving, restoring and maintaining wild turkey breeding grounds;
- to host, sponsor and promote educational entertainments, lectures, seminars and exhibitions, of any and all descriptions, for the instruction of members and the general public;

and such other complementary purposes consistent with these objects.

We do not dispute that the wording of these objects could be seen in a charitable vein. However, our audit has revealed minimal evidence of resources being devoted to charitable activities during the period under review. Substantially all of the Organization's effort and resources were devoted to non-charitable activities, specifically fundraising.

Turning to the "devotion of resources", a registered charity may only use its resources (funds, personnel and/or property) in two ways – for charitable activities undertaken by the charity itself, under its continued supervision, direction and control; and for gifting to "qualified donees" as defined in the Act. Our specific concerns in this regard, are expressed below.

Fundraising Activities

Fundraising is in-and-of-itself not a charitable activity. A registered charity can raise funds to support its charitable purposes, but:

- If the fundraising activity becomes the primary emphasis of the charity, then it is not operating for exclusively charitable purposes; and
- If a substantial portion of the charity's revenues is devoted to the fundraising activity, it is not considered to be devoting its resources to charitable activities.

It is expected that fundraising be ancillary and incidental to the charity's charitable purposes. Fundraising should be a means to an end. In other words, it is carried on to generate funds to carry out charitable activities. The amount incurred for fundraising costs should be reasonable and proportionate to the amount of funds raised for charitable activities and programs.

If, on the other hand, a significant portion of the charity's resources and funds are spent on fundraising or retained by the fundraiser, fundraising could be considered an end in itself. In this case, fundraising would be a separate and collateral purpose of the charity, and the charity would not be devoting all of its resources to its charitable purposes.

A registered charity that engages in fundraising as a primary activity, or that devotes a substantial portion of its revenue to fundraising activities, is putting its registered status in jeopardy.

During the audit period, the Organization received \$1,292,180 in total revenue, of which all of these revenues were earned from fundraising banquets put on by individual chapters of the Organization. Total fundraising expenditures in relation to these banquets during the audit period amount to \$1,043,714, or 81% of total revenue.

Our audit findings do note that the Organization does carry on some, albeit minimal, charitable activities. By nature of the Operating Procedures Agreement² between the Organization and the National Wild Turkey Federation – US (NWTF-US), all costs associated with the banquets and a 15% Regional administration fee are deducted from total revenues collected for the banquets. Of the net proceeds available after these costs, the remaining 85% of net proceeds are allocated as follows:

- 56% Provincial Super Fund
- 4% Local Chapter Fee
- 1% Provincial Chapter Fee
- 24% National Projects (NWTF-US)
- 15% Administration (NWTF-US)

We have considered funds spent on the Organization's Provincial Super Fund (56%), and funds allocated to National Projects (24%) during the audit period to be charitable. Examples of costs allocated to these initiatives identified in the Organization's books and records include tree planting, habitat enhancement, research and youth scholarships. From our review of the books and records, total resources spent on these charitable activities during the audit period amount to \$147,619 or 11% of the total revenue of the Organization.

² See Operating Procedures Agreement submitted by the Organization

It should also be noted that our review of the Organization's Super Fund literature, indicates that the Super Fund is "dedicated to the conservation of the wild turkey and preservation of our hunting heritage."³ While the conservation of the wild turkey is consistent with the Organization's registered charitable objects, the preservation of the hunting heritage, and hunting education in general, is not consistent with the Organization's charitable objects, nor would these activities be considered charitable in nature. The literature provided identifies that the Organization, along with NWTF-US has several programs which focus on hunter safety and education. Activities related to the preservation or education of the hunting heritage would not be considered charitable activities by the CRA.

During our review, it was noted that while the charitable activities of the Organization were minimal, fundraising activities were extensive. The Organization ran approximately eighty (80) banquets during the audit period. These fundraising events require a great deal of resources and time from its volunteers to organize and monitor these events. Despite the large amount of volunteers the Organization relies on to carry out these events, total fundraising costs to the Organization of \$535,796 and \$507,918 (2010 and 2009) greatly exceeds total expenditures on charitable activities of \$72,450 and \$75,169 (2010 and 2009).

Our audit findings indicate that the Organization is devoting excessive amounts of time and resources to fundraising as opposed to fulfilling their charitable purposes.

The CRA's position is outlined in our Guidance CG-013 "Fundraising by Registered Charities", which stipulates that all registered charities are required by law to have exclusively charitable purposes, which are set out in the charity's governing documents. A registered charity must be able to demonstrate that fundraising activities are a means to an end. Our position is that fundraising is not in-and-of itself charitable.

It is our view that by pursuing these non-charitable purposes, the Organization has failed to demonstrate that it meets the test for continued registration under 149.1(1) as a charitable organization "all the resources of which are devoted to charitable activities". For this reason, there are grounds for revocation of the charitable status of National Wild Turkey Federation - Canada under subsection 168(1)(b) of the Act.

2. Failure to Issue Receipts in Accordance with the Act

The law provides various requirements with respect to the issuing of official donation receipts by registered charities. These requirements are contained in Regulations 3500 and 3501 of the Act and are described in some detail in Interpretation Bulletin IT-110R3 *Gifts and Official Donation Receipts*.

³ See Hunting Heritage Super Fund Manual submitted by the Organization

The audit revealed several shortcomings of the official donation receipts issued by the Organization with the requirements of Regulation 3501 of the Act and IT-110R3. The Organization was advised of some of these shortcomings as a result of the first review by the CRA and has corrected a number of these items. Our review of the 2009 and 2010 fiscal periods, and the revised sample official donation receipt provided to the CRA in August, 2011, indicate there are a few shortcomings that remain:

- A listing of official donation receipts issued, including the donor's name and address, the date of the donation, the date of the receipt if that date differs from the date of the donation, the serial number of the receipt, the type of gift and the donation amount was not maintained.
- It appears that each local chapter is issuing and signing their own official donation receipts. Official donation receipts should be issued by only one authorized individual who has been designated by the Board of Directors.
- The Organization's US address remains on the official donation receipt, only the Canadian address is required.
- Various official donation receipts for gift in kind donations lack sufficient details including the following:
 - The date on which the donated property was received by the Organization
 - The name and address of the appraiser (if any)
 - The appraised fair market value of the property (or how the value was arrived at if an appraiser was not used)
- Official donation receipts were issued for gift certificates. It is uncertain from the details noted on the receipt if these gift certificates were received from the issuer. Pursuant to CG-007, registered charities cannot issue official donation receipts for gift certificates they receive directly from the issuer for no consideration.

Under paragraphs 168(1)(d) of the Act, the Minister may, by registered mail, give notice to the registered charity that the Minister proposes to revoke its registration if it issues a receipt otherwise than in accordance with the Act and its Regulations. For this reason, there are grounds for revocation of the charitable status of National Wild Turkey Federation - Canada under paragraph 168(1)(d) of the Act.

3. Failure to Maintain Adequate Books and Records:

Subsection 230(2) of the Act requires that every registered charity maintain adequate books and records, and books of account, at an address in Canada recorded with the Minister.

"every person required by this section to keep books of account shall retain:

- (a) the records and books of account referred to in this section in respect of which a period is prescribed, together with every account and voucher necessary to verify the information contained therein, for such period as prescribed; and*
- (b) all other records and books of account referred to in this section, together with every account and voucher necessary to verify the information contained therein, until the expiration of six years from the date of the last taxation year to which the records and books relate."*

The audit found that the Organization has failed to maintain adequate books and records to support the activities and income and expenses it reported on its Registered Charity Information Returns (T3010). The Organization's books and records are considered to be inadequate.

Our review of the Organization's overall books and records noted the following concerns:

- Books and records of the Organization have not been maintained in Canada as required by subsection 230(2) of the Act.
- The Organization's books and records have not been maintained in Canada, but have been maintained in Edgefield, South Carolina, USA.
- The chart of accounts and general ledger system maintained for the Organization did not include all transactions of the Organization. Only the Organization's Super fund balances and transactions were maintained in the general ledger. All funds collected from the fundraising banquets with the exception of membership fees should be reported and allocated according to the Operating Procedures Agreement.⁴
- Additional reports summarizing fundraising banquets were maintained separately from the general ledger. These reports were maintained in US currency, making it difficult to trace figures to the return and related chapter banquet summaries. These reports should also have been reflected in the general ledger accounts. All figures should be recorded in Canadian currency.

As a result of the above audit findings, the Organization appears to have failed to meet the requirements of subsection 230(2) of the Act.

Under paragraph 168(1)(e) of the Act, the Minister may, by registered mail, give notice to the charity that Minister proposes to revoke its registration because it fails to comply with or contravenes subsection 230(2) of the Act dealing with books and

⁴ See Operating Procedures Agreement submitted by the Organization

records. For this reason, there are grounds for revocation of the charitable status of charitable status of National Wild Turkey Federation - Canada under paragraph 168(1)(e) of the Act.

4. Failure to File an Information Return As Required by the Act:

Pursuant to subsection 149.1(14) of the Act, every registered charity must, within six months from the end of the charity's fiscal period (taxation year), without notice or demand, file a Registered Charity Information Return with the applicable schedules.

It is the responsibility of the charity to ensure that the information that is provided in its Return, schedules and statements, is factual and complete in every respect. A charity is not meeting its requirement to file an information return if it fails to exercise due care with respect to ensuring the accuracy thereof.

Our review of the Organization's books and records identified two areas where the Organization was reporting figures on the T3010 Registered Charity Information Return, that were part of the National Wild Turkey Federation – US books and records and should never have been reported by the Organization:

Membership Fees

The Organization has a Membership Agreement⁵ with National Wild Turkey Federation – US, to purchase memberships in NWTF-US for all members of the Organization. These membership fees are collected on behalf of NWTF-US when banquet fee revenues are collected. These membership fees have been reported as a revenue and expense of the Organization. The Organization merely collected and remitted these membership fees to NWTF-US. As a result, these amounts should not have been recorded on the Organization's T3010 Registered Charity Information Returns, and have been adjusted as part of the audit.

Compensation

The Organization has two employees in their payroll account; however these employees are actual fundraising employees of NWTF-US, and are paid directly from NWTF-US. As a result, these amounts should not have been recorded on the Organization's T3010 Registered Charity Information Returns, and have been adjusted as part of the audit.

The Organization has improperly completed the Registered Charity Information Return (T3010) for the fiscal periods ending August 31, 2009 and 2010 in that several items reported were incorrectly identified or omitted. Specifically, the following items:

⁵ See Membership Agreement submitted by the Organization

2009	As filed	Revised per audit
Line 4500 Tax receipted gifts	\$ 39,502	\$ 40,796
Line 4620 Non tax-receipted memberships	338,142	0
Line 4630 Non tax-receipted Fundraising	606,496	605,202
Line 4800 Advertising & promotion	2,037	0
Line 4830 Licenses, memberships, dues	35,830	59,516
Line 4870 Education & training	12,800	0
Line 4880 Compensation	113,892	0
Line 4890 Donated goods used	324,000	324,088
Line 4920 Other Expenses	0	258,999
Line 5000 Total Charitable Expenditures	56,405	75,169
Line 5010 Total Management and Administration	23,686	59,516
Line 5020 Total Fundraising	507,917	507,917

2010	As filed	Revised per audit
Line 4500 Tax receipted gifts	\$ 101,494	\$130,799
Line 4620 Non tax-receipted memberships	250,072	0
Line 4630 Non tax-receipted Fundraising	544,688	515,383
Line 4800 Advertising & promotion	4,240	0
Line 4830 Licenses, memberships dues	250,072	53,326
Line 4850 Occupancy costs	15,736	0
Line 4870 Education & training	36,764	0
Line 4890 Donated goods used	13,569	0
Line 4891 Purchased assets & supplies	460,937	338,345
Line 4920 Other Expenses	114,936	259,894
Line 5000 Total Charitable Expenditures	84,391	72,450
Line 5010 Total Management and Administration	19,594	43,318
Line 5020 Total Fundraising	17,170	535,796
Line 5040 Total Other Expenses	775,099	0

Under paragraphs 168(1)(c) of the Act, the Minister may, by registered mail, give notice to the registered charity that the Minister proposes to revoke its registration if it fails to file an information return as and when required under this Act or its Regulations. For this reason, there are grounds for revocation of the charitable status of National Wild Turkey Federation – Canada under paragraph 168(1)(c) of the Act.

The Organization's Options:

a) No Response

You may choose not to respond. In that case, the Director General of the Charities Directorate may give notice of its intention to revoke the registration of the Organization by issuing a Notice of Intention in the manner described in subsection 168(1) of the Act.

b) Response

Should you choose to respond, please provide your written representations and any additional information regarding the findings outlined above **within 30 days** from the date of this letter. After considering the representations submitted by the Organization, the Director General of the Charities Directorate will decide on the appropriate course of action, which may include:

- no compliance action necessary;
- the issuance of an educational letter;
- resolving these issues through the implementation of a Compliance Agreement; or
- giving notice of its intention to revoke the registration of the Organization by issuing a Notice of Intention in the manner described in subsection 168(1) of the Act.

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

- 11 -

If you have any questions or require further information or clarification, please do not hesitate to contact the undersigned at the numbers indicated below.

Yours sincerely,

A handwritten signature in black ink, appearing to read "J. Myska". The signature is fluid and cursive, with the first letter "J" being large and prominent.

J. Myska, CGA
Audit Division
Kitchener Tax Services Office

Telephone: [REDACTED]
Facsimile: (519) 585-2803
Address: 166 Frederick St.
Kitchener, ON
N2G 4N1



P.O. Box 530 • 770 Augusta Road • Edgefield, SC 29824
803-637-3106 • Fax 806-637-6643 • www.nwtf.org

November 22, 2012

Audit Division
Kitchener Tax Services Office
166 Frederick Street
Kitchener, Ontario
N2G 4N1

Attn: J. Myska, CGA

Dear Ms. Myska:

RE: Audit of National Wild Turkey Federation - Canada
Re: File #: 3012615

We are writing in response to your letter dated October 11, 2012, wherein you request that a written response be provided by November 22, 2012 from the date of the letter.

Further to an earlier discussion with you, National Wild Turkey Federation – Canada intends to request a voluntary revocation of its registration as a charity primarily because the financial and physical resources to continue to operate as a registered charity are no longer available.

Please do not hesitate to contact us if you have any questions. Thank you in advance.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Ellen Lintal', is written over a horizontal line.

Ellen Lintal

Section 149.1: [Charities]

149.1(2) Revocation of registration of charitable organization

The Minister may, in the manner described in section 168, revoke the registration of a charitable organization for any reason described in subsection 168(1) or where the organization

- (a) carries on a business that is not a related business of that charity; or
- (b) fails to expend in any taxation year, on charitable activities carried on by it and by way of gifts made by it to qualified donees, amounts the total of which is at least equal to the organization's disbursement quota for that year.

149.1(3) Revocation of registration of public foundation

The Minister may, in the manner described in section 168, revoke the registration of a public foundation for any reason described in subsection 168(1) or where the foundation

- (a) carries on a business that is not a related business of that charity;
- (b) fails to expend in any taxation year, on charitable activities carried on by it and by way of gifts made by it to qualified donees, amounts the total of which is at least equal to the foundation's disbursement quota for that year;
- (c) since June 1, 1950, acquired control of any corporation;
- (d) since June 1, 1950, incurred debts, other than debts for current operating expenses, debts incurred in connection with the purchase and sale of investments and debts incurred in the course of administering charitable activities; or
- (e) at any time within the 24 month period preceding the day on which notice is given to the foundation by the minister pursuant to subsection 168(1) and at a time when the foundation was a private foundation, took any action or failed to expend amounts such that the Minister was entitled, pursuant to subsection (4), to revoke its registration as a private foundation.

149.1(4) Revocation of registration of private foundation

The Minister may, in the manner described in section 168, revoke the registration of a private foundation for any reason described in subsection 168(1) or where the foundation

- (a) carries on any business;
- (b) fails to expend in any taxation year, on charitable activities carried on by it and by way of gifts made by it to qualified donees, amounts the total of which is at least equal to the foundation's disbursement quota for that year;
- (c) since June 1, 1950, acquired control of any corporation; or
- (d) since June 1, 1950, incurred debts, other than debts for current operating expenses, debts incurred in connection with the purchase and sale of investments and debts incurred in the course of administering charitable activities.

149.1(4.1) Revocation of registration of registered charity

The Minister may, in the manner described in section 168, revoke the registration

- (a) of a registered charity, if the registered charity has made a gift to another registered charity and it can reasonably be considered that one of the main purposes of making the gift was to unduly delay the expenditure of amounts on charitable activities;
- (b) of the other charity referred to in paragraph (a), if it can reasonably be considered that, by accepting the gift, it acted in concert with the registered charity to which paragraph (a) applies; and
- (c) of a registered charity, if a false statement, within the meaning assigned by subsection 163.2(1), was made in circumstances amounting to culpable conduct, within the meaning assigned by that subsection, in the furnishing of information for the purpose of obtaining registration of the charity.

Section 168: Notice of intention to revoke registration

168(1) Where a registered charity or a registered Canadian amateur athletic association

- (a) applies to the Minister in writing for revocation of its registration,
 - (b) ceases to comply with the requirements of this Act for its registration as such,
 - (c) fails to file an information return as and when required under this Act or a regulation,
 - (d) issues a receipt for a gift or donation otherwise than in accordance with this Act and the regulations or that contains false information,
 - (e) fails to comply with or contravenes any of sections 230 to 231.5, or
 - (f) in the case of a registered Canadian amateur athletic association, accepts a gift or donation the granting of which was expressly or impliedly conditional on the association making a gift or donation to another person, club, society or association,
- the Minister may, by registered mail, give notice to the registered charity or registered Canadian amateur athletic association that the Minister proposes to revoke its registration.

168(2) Revocation of Registration

Where the Minister gives notice under subsection (1) to a registered charity or to a registered Canadian amateur athletic association,

- (a) if the charity or association has applied to the Minister in writing for the revocation of its registration, the Minister shall, forthwith after the mailing of the notice, publish a copy of the notice in the *Canada Gazette*, and
- (b) in any other case, the Minister may, after the expiration of 30 days from the day of mailing of the notice, or after the expiration of such extended period from the day of mailing of the notice as the Federal Court of Appeal or a judge of that Court, on application made at any time before the determination of any appeal pursuant to subsection 172(3) from the giving of the notice, may fix or allow, publish a copy of the notice in the *Canada Gazette*,

and on that publication of a copy of the notice, the registration of the charity or association is revoked.

168(4) Objection to proposal or designation

A person that is or was registered as a registered charity or is an applicant for registration as a registered charity that objects to a notice under subsection (1) or any of subsections 149.1(2) to (4.1), (6.3), (22) and (23) may, on or before the day that is 90 days after the day on which the notice was mailed, serve on the Minister a written notice of objection in the manner authorized by the Minister, setting out the reasons for the objection and all the relevant facts, and the provisions of subsections 165(1), (1.1) and (3) to (7) and sections 166, 166.1 and 166.2 apply, with any modifications that the circumstances require, as if the notice were a notice of assessment made under section 152.

Section 172: Appeal from refusal to register, revocation of registration, etc.

172(3) Appeal from refusal to register, revocation of registration, etc.

Where the Minister

- (a) refuses to register an applicant for registration as a Canadian amateur athletic association,
- (a.1) confirms a proposal, decision or designation in respect of which a notice was issued by the Minister to a person that is or was registered as a registered charity, or is an applicant for registration as a registered charity, under any of subsections 149.1(2) to (4.1), (6.3), (22) and (23) and 168(1), or does not confirm or vacate that proposal, decision or designation within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal, decision or designation,
- (b) refuses to accept for registration for the purposes of this Act any retirement savings plan,
- (c) refuses to accept for registration for the purposes of this Act any profit sharing plan or revokes the registration of such a plan,
- (d) refuses to issue a certificate of exemption under subsection 212(14),
- (e) refuses to accept for registration for the purposes of this Act an education savings plan,
- (e.1) sends notice under subsection 146.1(12.1) to a promoter that the Minister proposes to revoke the registration of an education savings plan,
- (f) refuses to register for the purposes of this Act any pension plan or gives notice under subsection 147.1(11) to the administrator of a registered pension plan that the Minister proposes to revoke its registration,
- (f.1) refuses to accept an amendment to a registered pension plan, or
- (g) refuses to accept for registration for the purposes of this Act any retirement income fund, the applicant or the organization, foundation, association or registered charity, as the case may be, in a case described in paragraph (a) or (a.1), the applicant in a case described in paragraph (b), (d), (e) or (g), a trustee under the plan or an employer of employees who are beneficiaries under the plan, in a case described in paragraph (c), the promoter in a case described in paragraph (e.1), or the administrator of the plan or an employer who participates in the plan, in a case described in paragraph (f) or (f.1), may appeal from the Minister's decision, or from the giving of the notice by the Minister, to the Federal Court of Appeal.

Section 180: Appeals to Federal Court of Appeal

180(1) Appeals to Federal Court of Appeal

An appeal to the Federal Court of Appeal pursuant to subsection 172(3) may be instituted by filing a notice of appeal in the Court within 30 days from

- (a) the day on which the Minister notifies a person under subsection 165(3) of the Minister's action in respect of a notice of objection filed under subsection 168(4),
- (b) the mailing of notice to a registered Canadian amateur athletic association under subsection 168(1),
- (c) the mailing of notice to the administrator of the registered pension plan under subsection 147.1(11),
- (c.1) the sending of a notice to a promoter of a registered education savings plan under subsection 146.1(12.1), or
- (c) the time the decision of the Minister to refuse the application for acceptance of the amendment to the registered pension plan was mailed, or otherwise communicated in writing, by the Minister to any person,

as the case may be, or within such further time as the Court of Appeal or a judge thereof may, either before or after the expiration of those 30 days, fix or allow.

Section 188: Revocation tax

188(1) Deemed year-end on notice of revocation

If on a particular day the Minister issues a notice of intention to revoke the registration of a taxpayer as a registered charity under any of subsections 149.1(2) to (4.1) and 168(1) or it is determined, under subsection 7(1) of the Charities Registration (Security Information) Act, that a certificate served in respect of the charity under subsection 5(1) of that Act is reasonable on the basis of information and evidence available,

- (a) the taxation year of the charity that would otherwise have included that day is deemed to end at the end of that day;
- (b) a new taxation year of the charity is deemed to begin immediately after that day; and
- (c) for the purpose of determining the charity's fiscal period after that day, the charity is deemed not to have established a fiscal period before that day.

188(1.1) Revocation tax

A charity referred to in subsection (1) is liable to a tax, for its taxation year that is deemed to have ended, equal to the amount determined by the formula

$$A - B$$

where

A is the total of all amounts, each of which is

- (a) the fair market value of a property of the charity at the end of that taxation year,
- (b) the amount of an appropriation (within the meaning assigned by subsection (2) in respect of a property transferred to another person in the 120-day period that ended at the end of that taxation year, or
- (d) the income of the charity for its winding-up period, including gifts received by the charity in that period from any source and any income that would be computed under section 3 as if that period were a taxation year; and

B is the total of all amounts (other than the amount of an expenditure in respect of which a deduction has been made in computing income for the winding-up period under paragraph (c) of the description of A, each of which is

- (a) a debt of the charity that is outstanding at the end of that taxation year,
- (b) an expenditure made by the charity during the winding-up period on charitable activities carried on by it, or
- (c) an amount in respect of a property transferred by the charity during the winding-up period and not later than the latter of one year from the end of the taxation year and the day, if any, referred to in paragraph (1.2)(c) to a person that was at the time of the transfer an eligible donee in respect of the charity, equal to the amount, if any, by which the fair market value of the property, when transferred, exceeds the consideration given by the person for the transfer.

188(1.2) Winding-up period

In this Part, the winding-up period of a charity is the period, that begins immediately after the day on which the Minister issues a notice of intention to revoke the registration of a taxpayer as a registered charity under any of subsections 149.1(2) to (4.1) and 168(1) (or, if earlier, immediately after the day on which it is determined, under subsection 7(1) of the Charities Registration (Security Information) Act, that a certificate served in respect of the charity under subsection 5(1) of that Act is reasonable on the basis of information and evidence available), and that ends on the day that is the latest of

- (a) the day, if any, on which the charity files a return under subsection 189(6.1) for the taxation year deemed by subsection (1) to have ended, but not later than the day on which the charity is required to file that return,
- (b) the day on which the Minister last issues a notice of assessment of tax payable under subsection (1.1) for that taxation year by the charity, and
- (c) if the charity has filed a notice of objection or appeal in respect of that assessment, the day on which the Minister may take a collection action under section 225.1 in respect of that tax payable.

188(1.3) Eligible donee

In this Part, an eligible donee in respect of a particular charity is a registered charity

- (a) of which more than 50% of the members of the board of directors or trustees of the registered charity deal at arm's length with each member of the board of directors or trustees of the particular charity;
- (b) that is not the subject of a suspension under subsection 188.2(1);
- (c) that has no unpaid liabilities under this Act or under the Excise Tax Act;
- (d) that has filed all information returns required by subsection 149.1(14); and
- (e) that is not the subject of a certificate under subsection 5(1) of the Charities Registration (Security Information) Act or, if it is the subject of such a certificate, the certificate has been determined under subsection 7(1) of that Act not to be reasonable.

188(2) Shared liability — revocation tax

A person who, after the time that is 120 days before the end of the taxation year of a charity that is deemed by subsection (1) to have ended, receives property from the charity, is jointly and severally, or solidarily, liable with the charity for the tax payable under subsection (1.1) by the charity for that taxation year for an amount not exceeding the total of all appropriations, each of which is the amount by which the fair market value of such a property at the time it was so received by the person exceeds the consideration given by the person in respect of the property.

188(2.1) Non-application of revocation tax

Subsections (1) and (1.1) do not apply to a charity in respect of a notice of intention to revoke given under any of subsections 149.1(2) to (4.1) and 168(1) if the Minister abandons the intention and so notifies the charity or if

- (a) within the one-year period that begins immediately after the taxation year of the charity otherwise deemed by subsection (1) to have ended, the Minister has registered the charity as a charitable organization, private foundation or public foundation; and
- (b) the charity has, before the time that the Minister has so registered the charity,
 - (i) paid all amounts, each of which is an amount for which the charity is liable under this Act (other than subsection (1.1)) or the Excise Tax Act in respect of taxes, penalties and interest, and
 - (ii) filed all information returns required by or under this Act to be filed on or before that time.

188(3) Transfer of property tax

Where, as a result of a transaction or series of transactions, property owned by a registered charity that is a charitable foundation and having a net value greater than 50% of the net asset amount of the charitable foundation immediately before the transaction or series of transactions, as the case may be, is transferred before the end of a taxation year, directly or indirectly, to one or more charitable organizations and it may reasonably be considered that the main purpose of the transfer is to effect a reduction in the disbursement quota of the foundation, the foundation shall pay a tax under this Part for the year equal to the amount by which 25% of the net value of that property determined as of the day of its transfer exceeds the total of all amounts each of which is its tax payable under this subsection for a preceding taxation year in respect of the transaction or series of transactions.

188(3.1) Non-application of subsection (3)

Subsection (3) does not apply to a transfer that is a gift to which subsection 188.1(11) applies.

188(4) Idem

Where property has been transferred to a charitable organization in circumstances described in subsection (3) and it may reasonably be considered that the organization acted in concert with a charitable foundation for the purpose of reducing the disbursement quota of the foundation, the organization is jointly and severally liable with the foundation for the tax imposed on the foundation by that subsection in an amount not exceeding the net value of the property.

188(5) Definitions

In this section,

"net asset amount"

"net asset amount" of a charitable foundation at any time means the amount determined by the formula

$A - B$

where

A is the fair market value at that time of all the property owned by the foundation at that time, and

B is the total of all amounts each of which is the amount of a debt owing by or any other obligation of the foundation at that time;

"net value"

"net value" of property owned by a charitable foundation, as of the day of its transfer, means the amount determined by the formula

$A - B$

where

A is the fair market value of the property on that day, and

B is the amount of any consideration given to the foundation for the transfer.

Section 189**189(6) Taxpayer to file return and pay tax**

Every taxpayer who is liable to pay tax under this Part (except a charity that is liable to pay tax under section 188(1)) for a taxation year shall, on or before the day on or before which the taxpayer is, or would be if tax were payable by the taxpayer under Part I for the year, required to file a return of income or an information return under Part I for the year,

- (a) file with the Minister a return for the year in prescribed form and containing prescribed information, without notice or demand therefor;
- (b) estimate in the return the amount of tax payable by the taxpayer under this Part for the year; and
- (c) pay to the Receiver General the amount of tax payable by the taxpayer under this Part for the year.

189(6.1) Revoked charity to file returns

Every taxpayer who is liable to pay tax under subsection 188(1.1) for a taxation year shall, on or before the day that is one year from the end of the taxation year, and without notice or demand,

- (a) file with the Minister
 - (i) a return for the taxation year, in prescribed form and containing prescribed information, and
 - (ii) both an information return and a public information return for the taxation year, each in the form prescribed for the purpose of subsection 149.1(14); and
- (b) estimate in the return referred to in subparagraph (a)(i) the amount of tax payable by the taxpayer under subsection 188(1.1) for the taxation year; and
- (c) pay to the Receiver General the amount of tax payable by the taxpayer under subsection 188(1.1) for the taxation year.

189 (6.2) Reduction of revocation tax liability

If the Minister has, during the one-year period beginning immediately after the end of a taxation year of a person, assessed the person in respect of the person's liability for tax under subsection 188(1.1) for that taxation year, has not after that period reassessed the tax liability of the person, and that liability exceeds \$1,000, that liability is, at any particular time, reduced by the total of

- (a) the amount, if any, by which
 - (i) the total of all amounts, each of which is an expenditure made by the charity, on charitable activities carried on by it, before the particular time and during the period (referred to in this subsection as the "post-assessment period") that begins immediately after a notice of the latest such assessment was mailed and ends at the end of the one-year period exceeds
 - (ii) the income of the charity for the post-assessment period, including gifts received by the charity in that period from any source and any income that would be computed under section 3 if that period were a taxation year, and
- (b) all amounts, each of which is an amount, in respect of a property transferred by the charity before the particular time and during the post-assessment period to a person that was at the time of the transfer an eligible donee in respect of the charity, equal to the amount, if any, by which the fair market value of the property, when transferred, exceeds the consideration given by the person for the transfer.

189(6.3) Reduction of liability for penalties

If the Minister has assessed a registered charity in respect of the charity's liability for penalties under section 188.1 for a taxation year, and that liability exceeds \$1,000, that liability is, at any particular time, reduced by the total of all amounts, each of which is an amount, in respect of a property transferred by the charity after the day on which the Minister first assessed that liability and before the particular time to a person that was at the time of the transfer an eligible donee in respect of the charity, equal to the amount, if any, by which the fair market value of the property, when transferred, exceeds the total of

- (a) the consideration given by the person for the transfer, and
- (b) the part of the amount in respect of the transfer that has resulted in a reduction of an amount otherwise payable under subsection 188(1.1).

189 (7) Minister may assess

Without limiting the authority of the Minister to revoke the registration of a registered charity, the Minister may also at any time assess a taxpayer in respect of any amount that a taxpayer is liable to pay under this Part.