



March 3, 2022

REGISTERED MAIL

Brett Starkman
Director
SLF Charitable Foundation
Suite 1500
2300 Young Street
Post Office Box 2434
Toronto ON M4P 1E4

BN: 86894 6096 RR0001
File #: 3003724

Dear Brett Starkman:

**Subject: Notice of intention to revoke
SLF Charitable Foundation**

We are writing with respect to our letters dated April 10, 2019, February 4, 2020, and March 10, 2021 (copies enclosed), in which SLF Charitable Foundation (the Organization) was invited to respond to the findings of the review conducted by the Canada Revenue Agency (CRA) for the periods from January 1, 2007, to December 31, 2017, and explain why the registration of the Organization should not be revoked in accordance with subsection 168(1) of the Income Tax Act.

In this regard, the Organization was given two opportunities to make additional representations or to present additional information to substantiate that the Organization is carrying on or plans on carrying on any activities.

As of this date, we still have not received any response to our letters dated February 4, 2020, and March 10, 2021. As such, our position remains that the Organization is inactive and failed to devote any of its resources to charitable activities.

Subsection 149.1(1) of the Act defines a "charitable foundation" to mean, in part, a corporation or trust that is **constituted** and **operated** for exclusively charitable purposes (emphasis added).

When considering the definition of a "registered charity"¹ in subsection 248(1) of the Act, along with the definition of a charitable foundation, in section 149.1, it remains our opinion that a registered charity **must be active** (emphasis added).

¹ A **registered charity** is a corporate body, trust, or unincorporated association that is established in Canada, is resident in Canada, and is **registered** under the Income Tax Act as a charitable organization, public foundation, or private foundation.

Conclusion

It is our position that the Act requires that a registered charity be active in order to meet the requirements for continued charitable registration, including operating in furtherance of charitable purposes, unless a reasonable explanation for suspension of operations is provided. The Minister of National Revenue has the authority to revoke charitable registration when an organization fails to meet these requirements.

It appears, based on the result of our review, that the Organization no longer meets the requirements necessary for charitable registration because it is not operating for charitable purposes and not devoting its resources to charitable activities. Under subsection 149.1(4) of the Act, the Minister may revoke the registration of the charitable foundation in the manner as described at paragraph 168(1)(b) of the Act because it has failed to comply with the requirements of the Act for its registration as such.

For each of the reasons mentioned in our letter dated March 10, 2021, pursuant to subsection 168(1) and 149.1(3) of the Act, we 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)(e), and subsection 149.1(3) of the Income Tax Act, that I propose to revoke the registration of the charity listed below and that by virtue of paragraph 168(2)(b) thereof, the revocation of registration is effective on the date of publication of this notice in the Canada Gazette.

Business number
868946096RR0001

Name
SLF Charitable Foundation
Toronto ON

Should the Organization choose 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, with 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:

Assistant Commissioner
Appeals Branch
Canada Revenue Agency
Post Office Box 2006, Station Main
Newmarket ON L3Y 0E9

However, 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. As such, the Organization's registration will be revoked on the date of publication, unless the CRA receives an order, **within the next 30 days**, from the Federal Court of Appeal issued under paragraph 168(2)(b) of the Act extending that period.

As noted above, even though the Organization may file a notice of objection with the CRA Appeals Branch within the 90 day time frame, in order to temporarily suspend the revocation process, the Organization must obtain an order from the Federal Court of Appeal.

A copy of the relevant provisions of the Act concerning revocation of registration, including appeals from a notice of intention 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) and 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 Form T2046, 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. The relevant provisions of the Act concerning the tax applicable to revoked charities can also be found in Appendix A. Form T2046 and the related Guide RC4424, Completing the Tax Return Where Registration of a Charity is Revoked, are available on our website at canada.ca/charities-giving;
- 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 Goods and Services Tax/Harmonized Sales Tax (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, we 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,



Tony Manconi
Director General
Charities Directorate

Enclosures

- CRA letters dated April 10, 2019, February 4, 2020, and March 10, 2021
- Appendix A, Relevant provisions of the Act

c.c.: Leonard Sitcoff
Trustee



Brett Starkman
Director
SLF Charitable Foundation
Suite 1500
2300 Yonge Street
Post Office Box 2434
Toronto ON M4P 1E4

BN: 86894 6096 RR0001

File #: 3003724

April 10, 2019

Subject: Review of SLF Charitable Foundation

Dear Brett Starkman:

We are writing to inform you that SLF Charitable Foundation (the Organization) has been selected by the Canada Revenue Agency (CRA) for a review as a registered charity under the Income Tax Act. The review relates to the Organization's fiscal periods from January 1, 2007 to December 31, 2017.

Our review of Form T3010, Registered Charity Information Return, filed for the above-noted fiscal periods indicates that the Organization has been inactive for the last 9 years.

In this regard, it is our view that the Act requires a registered charity to be active in order to be meeting the requirements for which it obtained registration. Therefore, based on the interpretation of a combination of wording used in particular provisions of the Act, the Minister of National Revenue has the authority to grant registered status to those entities that are active and the discretion to revoke those that are inactive.

Specifically, when considering the definition of a "registered charity" in subsection 248(1) of the Act, along with the definition of a charitable foundation, in section 149.1, it is our opinion that a registered charity **must** (emphasis added) be active.

Furthermore, subsection 149.1(1) defines a "charitable foundation" in part, as a corporation or trust that is **constituted and operated** (emphasis added) exclusively for charitable purposes.

Notwithstanding the foregoing, we appreciate that there can be a variety of legitimate circumstances which may prevent a registered charity from carrying out its operations as planned.

In this regard, please provide us with a written response explaining why the Organization has not been actively carrying on its charitable programs, as well as if it plans to resume operations (if the answer is yes, then please provide an approximate timeline).

Your reply should be as detailed as possible and include specific timelines for the Organization to resume operations. On the basis of the information provided, we will exercise our discretion to determine if the Organization should maintain its registered status.

By contrast, if the Organization no longer intends to carry on charitable programs, it needs to request voluntary revocation of its registered status. If the Organization chooses to exercise this option, we require the request in writing. The request must include the name of the Organization and its Registration/Business Number (BN). It must also be signed and dated by a director, trustee or another person authorized to sign for the Organization (verify the governing document to confirm if more than one signature is required). As a consequence of voluntary revocation, you will no longer be required to complete Form T3010. Additional consequences of voluntary revocation include:

- 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** (emphasis added). 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. As the Organization has not issued any official donation receipts recently, this would not appear to be an issue.
- b) By virtue of section 188 of the Act, the Organization will be required to pay a tax within one year from the date stated in Form T2051A, Notice of Intention to Revoke a Charity's Registration. This revocation tax is calculated on prescribed Form T2046, Tax Return Where Registration of a Charity is Revoked.

Under the Act, a registered charity becomes liable to pay the revocation tax when it voluntarily gives up its registration, or when the CRA revokes its registration. The purpose of this tax is to ensure that charitable property is applied to charitable use. In essence, it requires a revoked charity to spend its money on its charitable programs or to donate it to an eligible donee. If the revoked charity does this, the tax may be zero. To the extent that it fails to do this, the tax is set at the amount that remains once outstanding debts have been paid. Persons connected with the charity can also be liable for the tax under certain circumstances.

Form T2046 must be filed, and the tax paid, on or before the day that is one year from the date stated in the T2051A. Form T2046 is available on our website at canada.ca/charities-giving.

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

- c) The Organization will no longer qualify as a charity for purposes of subsection 123(1) of the Excise Tax Act (the 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).

Important: The Organization must submit either an explanation with details as to its inactivity or a request for voluntary revocation within **30 days of the date of this letter** to the address below. Failure to respond within the required timeframe could potentially result in the revocation of the Organization's registered status.

Please note that the confidentiality provisions of the Act restrict us to discussing the issues in this letter with an authorized representative only. Normally this would be an individual listed as a current director/trustee on Form T1235, Directors/Trustees and Like Officials Worksheet, on file with the CRA.

Consequently, if there have been any changes in directors/trustees of the Organization since it filed its last Form T3010, please forward a copy of the revised Form T1235.


If a third party is representing the Organization, we require written authorization naming the individual, signed by an authorized representative of the Organization, explicitly authorizing that individual to discuss your file with us. You can forward an RC59, Business Consent for access by telephone and mail, available on our website.

If you have any questions or require further information or clarification, please contact me at 613-670-0492.

Yours sincerely,



Ibrahim Konaré
Compliance Education and Outreach Section
Compliance Division
Charities Directorate
Canada Revenue Agency
Place de Ville, Tower A
320 Queen Street, 2nd floor
Ottawa ON K1A 0L5





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BN: 86894 6096 RR0001

File #: 3003724

February 4, 2020

Subject: Review of SLF Charitable Foundation

This letter is further to our telephone conversation on June 17, 2019, during which you agreed to provide the Canada Revenue Agency (CRA) with a request to voluntarily revoke SLF Charitable Foundation's (the Organization) registered status.

As of February 4, 2020, the Organization has yet to provide the request to voluntarily revoke its registration status.

In this regard, we advise that Section 149.1(1) of the Income Tax Act requires that both "charitable organizations" and "charitable foundations" be **constituted and operated** exclusively for charitable purposes. It is our view this means that in order to meet the legislative requirements for continued registration, it is not enough that an organization or a foundation be simply constituted exclusively for charitable purposes, but that it must also be actively operated exclusively for charitable purposes.

Further, a registered charity must provide the CRA with sufficient information to clearly show that its programs and activities meet the legislative requirements to be eligible for continued registration. In this regard, please provide us with a detailed description of your activities as well as all books and records that clearly demonstrate how the Organization is operating in furtherance of its charitable purposes (e.g. business plan, financial statements, contracts, board and staff meeting minutes, annual reports, inventories, investment agreements, accountant's working papers, payroll records, promotional materials, and fundraising materials).

- c) The Organization will no longer qualify as a charity for purposes of subsection 123(1) of the Excise Tax Act (the 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).

Important: The Organization must submit either a response to the aforementioned request or a request for voluntary revocation within **30 days of the date of this letter** to the address below.

Failure to respond within the required timeframe could result in the revocation of the Organization's registered status.

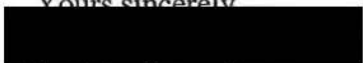
Please note that because of the confidentiality provisions of the Act we may only discuss the issues in this letter with an authorized representative. Normally this would be an individual listed as a current director/trustee on Form T1235, Directors/Trustees and Like Officials Worksheet, on file with the CRA.

Consequently, if there have been any changes in directors/trustees of the Organization since it filed its last Form T3010, please forward a copy of the revised Form T1235.

If a third party is representing the Organization, we require written authorization naming the individual, signed by an authorized representative of the Organization, explicitly authorizing that individual to discuss the organization's file with us. You can forward an RC59, Business Consent for Offline Access, which is available on our website.

If you have any questions or require further information or clarification, please contact me at 613-670-0492.

Yours sincerely,


Ibrahim Konaré
Compliance Education and Outreach Section
Compliance Division
Charities Directorate
Canada Revenue Agency
Place de Ville, Tower A
320 Queen Street, 2nd floor
Ottawa ON K1A 0L5

The purpose of this letter is to describe the areas of non-compliance identified by the Canada Revenue Agency (CRA) during the course of the review as they relate to the legislative and common law requirements applicable to registered charities, as well as to provide the Organization with the opportunity to make additional representations or to 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 area of non-compliance in further detail.

Identified area of non-compliance

1. Failure to comply with the requirements of the Act as they apply to the Organization's designation

Subsection 149.1(1) of the Act defines "charitable foundation" to mean, in part, a corporation or trust that is **constituted** and **operated** exclusively for charitable purposes... (emphasis added)

In order to satisfy the definition of a "charitable foundation" pursuant to subsection 149.1(1) of the Act, an organization must satisfy two requirements—it must be both "constituted" and "operated" exclusively for charitable purposes.

The first requirement, to be "constituted" for exclusively charitable purposes, is achieved by having a governing document (letters patent, articles of incorporation, a constitution, or a trust document) that establishes the organization for exclusively charitable purposes and gives an organization its legal existence.¹ The Organization appears to have been constituted for charitable purposes based on our review of the Organization's Trust dated April 15, 1998.

The second requirement is that the organization be "operated" for exclusively charitable purposes. The Oxford Canadian Dictionary², defines "operate" (of a person or an organization) as "manage, work, control; put or keep in a functional state" and as to "be in action; function".

Thus the second requirement is operational in nature and requires a determination as to whether an organization is "managed" or in a "functional state" by examining the specific activities undertaken or planned to be undertaken by the organization.

The definition of "charitable foundation" is expressed in the present tense, indicating an existing state of affairs. It is not enough that the organization was once "operated" for charitable purposes, it must continue to do so. In our previous letters dated April 10, 2019 and February 4, 2020, we requested a detailed description of the Organization's activities and programs in order to determine if it continues to be "operated" for exclusively charitable purposes.

¹ All registered charities must be legally established by a governing document. Charitable organizations can be established as a corporation, a trust, or under a constitution. Charitable foundations can be established as a corporation or a trust.

² University Press First Published 2000; reissued 2004.

The Organization's representations dated April 22, 2019, does not meet the requirement as it did not include information on when the Organization plans to resume its activities.

Under paragraph 168(1)(b) of the Act, the registration of a charity may be revoked if it ceases to comply with the requirements of the Act for its registration. It is our position that the present case consists of material non-compliance. For this reason, it appears to us that there are grounds for revocation of the charitable status of the Organization under paragraph 168(1)(b) of the Act.

2. Failure to provide adequate books and records to show that registration should not be revoked

Pursuant to paragraph 230(2)(a) of the Act, every registered charity "shall keep records and books of account [...] at an address in Canada recorded with the Minister or designated by the Minister containing:

- a) information in such form as will enable the Minister to determine whether there are any grounds for revocation of its registration under the Act;

In addition, subsection 230(4) also states "Every person required by this section to keep records and 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 a period as is 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 end of the last taxation year to which the records and books of account relate."

With respect to the legislative requirement that registered charities maintain books and records several judicial determinations have held that:

- i. it is the responsibility of the registered charity to prove that its charitable status should not be revoked;³
- ii. a registered charity must maintain, and make available to the CRA **at the time of an audit**, meaningful books and records, regardless of its size or resources. It is not sufficient to supply the required documentation and records subsequent thereto;⁴ and
- iii. the failure to maintain proper books, records, and records of account in accordance with the requirements of the Act is itself sufficient reason to revoke an organization's charitable status in the case of material or repeated non-compliance.⁵

³ See Canadian Committee for the Tel Aviv Foundation, 2002 FCA 72 at paras 26-27, [2002] 2 CTC 93.

⁴ See Canadian Committee for the Tel Aviv Foundation, 2002 FCA 72 at para 39, [2002] 2 CTC 93. Furthermore, failing to comply with the requirements of section 230 of the Act by refusing to make documents available can lead to a fine and imprisonment, in addition to the penalty otherwise provided. See subsection 238(1) of the Act.

⁵ See Prescient Foundation v MNR, 2013 FCA 120 at para 51, [2013] FCJ no 512;

Humane Society of Canada for the Protection of Animals and the Environment v. Minister of National Revenue, 2015 FCA 178

Lack of information

The Canadian Federal Court of Appeal has held that a registered charity is responsible for proving that its activities are charitable at law. Specifically, in *Stop the Violence . . . Face the Music Society v. MNR*, [1996] F.C.J. No. 1626, the court stated “[s]ince the benefits attaching to charitable status are significant, the onus is on those seeking this status to clearly demonstrate that their activities are clearly focused on charitable objects in the legal sense.” Further, in *Action des Femmes Handicapées (Montreal) v. MNR*, [1998] F.C.J. No. 917, the court held that “The appellant bears the burden of proving that it qualifies for the charitable status under s. 149.1(1) of the Income Tax Act...”

We would also advise that section 149.1(1) of the Act requires that a “charitable foundation” be constituted and operated exclusively for charitable purposes.⁶ This means that in order to meet the legislative requirements for continued registration, it is not enough that a registered charity is simply constituted exclusively for charitable purposes, but that it must also be actively operated exclusively for charitable purposes.

Therefore, a registered charity must provide the CRA with sufficient information to clearly show that its programs and activities are eligible for continued registration. We require this information whether these programs are currently being carried out or are planned for the future.

Based on the information provided by the Organization, as well as the information available to us and the information available to the public, it is our position that the Organization has failed to meet the requirements of the Act as it relates to books and records. The Organization has not provided sufficient information to clearly show that it conducts activities in furtherance of a charitable purpose.

In our letter dated April 10, 2019, we requested that the Organization provide us with a written response explaining why it has not been actively carrying on its charitable programs. In addition, if the Organization plans to resume operations, then we required an approximate timeline of when its operations will resume. In the Organization’s representations dated April 22, 2019, it explained why it has not been actively carrying on its charitable programs, however it did not include an explanation on when it plans to resume operations.

at paras 76-79: *Jaamiaah Al Ulloom Al Islamiyyah Ontario v. Canada* (National Revenue), 2016 FCA 49 at para 15; *Opportunities for the Disabled Foundation v. Canada* (National Revenue), 2016 FCA 94 at paras 37-39; and *Ark Angel Foundation v. Canada* (National Revenue), 2019 FCA 21 at para 43.

⁶ Subsection 149.1(1) of the Act defines the following:

“charitable organization”, at any particular time, means an organization, whether or not incorporated,

(a) constituted and operated exclusively for charitable purposes.

(a.1) all the resources of which are devoted to charitable activities carried on by the organization itself...

“charitable foundation” means a corporation or trust that is constituted and operated exclusively for charitable purposes, no part of the income of which is payable to, or is otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settlor thereof, and that is not a charitable organization.

Under paragraph 168(1)(e) of the Act, the registration of a charity may be revoked if it fails to comply with or contravenes subsection 230(2) of the Act dealing with books and records. It is our position that the present case consists of material non-compliance that is grounds for revocation of the charitable status of the Organization under paragraph 168(1)(e) of the Act.

If the Organization no longer intends to carry on charitable programs, it should request voluntary revocation of its registered status. If the Organization chooses to exercise this option, we require the request in writing. The written request must be signed and dated by an authorized representative we have on file. Once revoked, the Organization will no longer be required to complete Form T3010. Additional consequences of voluntary revocation include:

- 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** (emphasis added). 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. Since the Organization has not issued any official donation receipts recently, this would not appear to be an issue.
- b) By virtue of section 188 of the Act, the Organization will be required to pay a tax within one year from the date stated in T2051A, Notice of Intention to Revoke a Charity's Registration. This revocation tax is calculated on prescribed Form T2046 Tax Return Where Registration of a Charity is Revoked.

Under the Act, a registered charity becomes liable to pay the revocation tax when it voluntarily gives up its registration, or when the CRA revokes its registration. The purpose of this tax is to ensure that charitable property is applied to charitable use. In essence, it requires a revoked charity to spend its money on its charitable programs or to donate it to an eligible donee. If the revoked charity does this, the tax may be zero. To the extent that the charity fails to do this, the tax is set at the amount that remains, once outstanding debts have been paid. Persons connected with the charity can also be liable for the tax under certain circumstances.

Form T2046 must be filed, and the tax paid, on or before the day that is one year from the date stated in the T2051A. Form 2046 is available on our website at canada.ca/charities-giving.

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

- c) The Organization will no longer qualify as a charity for purposes of subsection 123(1) of the Excise Tax Act (the 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).

Important: The Organization must submit either, an explanation with details as to its inactivity, or a request for voluntary revocation within **30 days of the date of this letter**, to the address below. Failure to respond within the required timeframe could potentially result in the revocation of the Organization's registered status.

Under subsection 149.1(3) of the Act, the Minister may revoke the registration of the public foundation, in the manner as described at paragraph 168(1)(b) of the Act because the registered charity has failed to comply with the requirements of the Act for its registration as such.

The Organization's options:

a) Respond

If the Organization chooses to respond, send written representations and any additional information regarding the findings outlined above **within 30 days** from the date of this letter to the address below. After considering the response, we will decide on the appropriate course of action. The possible actions include:

- no compliance action;
- issuing an educational letter;
- resolving the issues through a Compliance Agreement;
- applying penalties or suspensions or both, as described in sections 188.1 and 188.2 of the Act; or
- issuing a notice of intention to revoke the registration of the Organization in the manner described in subsection 168(1) of the Act.

b) Do not respond

The Organization may choose not to respond. In that case, we may issue a notice of intention to revoke the registration of the Organization in the manner described in subsection 168(1) of the Act.

c) Request revocation

The Organization may choose to request that its status be revoked. In that case, we may issue a notice of intention to revoke the registration of the Organization in the manner described in subsection 168(1) of the Act. To assist you, should you wish to request that the Minister revoke the charitable status of your organization, we have attached a Voluntary Revocation of Registration form that you may complete and return.

If the Organization appoints a third party to represent it in this matter, send us a written request with the individual's name, the individual's contact information, and explicit authorization that

the individual can discuss the file with us. The Organization can also go to **canada.ca/tax-representative-authorization**, in order to add a representative.

If you have any questions or require further information or clarification, please contact me at 343-551-0875. My manager, Julie McCaffrey, may also be reached at 613-850-7091.

Yours sincerely,



Alexandra Meyers
Assisted Compliance Section
Compliance Division
Charities Directorate
Canada Revenue Agency
Suite 1306
Tower A, Place de Ville
320 Queen Street
Ottawa ON K1A 0L5

Enclosures

- CRA letter dated April 10, 2019
- CRA letter dated February 4, 2020
- Voluntary Revocation of Registration

c.c.: Leonard Sitcoff
Trustee

Qualified Donees

149.1 (1) Definitions

charitable foundation means a corporation or trust that is constituted and operated exclusively for charitable purposes, no part of the income of which is payable to, or is otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settlor thereof, and that is not a charitable organization

charitable organization, at any particular time, means an organization, whether or not incorporated,

(a) constituted and operated exclusively for charitable purposes,

(a.1) all the resources of which are devoted to charitable activities carried on by the organization itself,

(b) no part of the income of which is payable to, or is otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settlor thereof,

(c) more than 50% of the directors, trustees, officers or like officials of which deal at arm's length with each other and with

(i) each of the other directors, trustees, officers and like officials of the organization,

(ii) each person described by subparagraph (d)(i) or (ii), and

(iii) each member of a group of persons (other than Her Majesty in right of Canada or of a province, a municipality, another registered charity that is not a private foundation, and any club, society or association described in paragraph 149(1)(l)) who do not deal with each other at arm's length, if the group would, if it were a person, be a person described by subparagraph (d)(i), and

(d) that is not, at the particular time, and would not at the particular time be, if the organization were a corporation, controlled directly or indirectly in any manner whatever

(i) by a person (other than Her Majesty in right of Canada or of a province, a municipality, another registered charity that is not a private foundation, and any club, society or association described in paragraph 149(1)(l)),

(A) who immediately after the particular time, has contributed to the organization amounts that are, in total, greater than 50% of the capital of the organization immediately after the particular time, and

(B) who immediately after the person's last contribution at or before the particular time, had contributed to the organization amounts that were, in total, greater than 50% of the capital of the organization immediately after the making of that last contribution, 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 foundation's disbursement quota for that year;

(b.1) makes a disbursement by way of a gift, other than a gift made

(i) in the course of charitable activities carried on by it, or

(ii) to a donee that is a qualified donee at the time of the gift;

(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 149.1(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;

(b.1) makes a disbursement by way of a gift, other than a gift made

(i) in the course of charitable activities carried on by it, or

(ii) to a donee that is a qualified donee at the time of the gift;

(c) has, in respect of a class of shares of the capital stock of a corporation, a divestment obligation percentage at the end of any taxation year;

(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 it has entered into a transaction (including a gift to another registered charity) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the expenditure of amounts on charitable activities;

(b) of a registered charity, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another registered charity to which

paragraph (a) applies was to assist the other registered charity in avoiding or unduly delaying the expenditure of amounts on charitable activities;

(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;

(d) of a registered charity, if it has in a taxation year received a gift of property (other than a designated gift) from another registered charity with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those taxation years, an amount that is less than the fair market value of the property, on charitable activities carried on by it or by way of gifts made to qualified donees with which it deals at arm's length;

(e) of a registered charity, if an ineligible individual is a director, trustee, officer or like official of the charity, or controls or manages the charity, directly or indirectly, in any manner whatever; and

(f) of a registered charity, if it accepts a gift from a foreign state, as defined in section 2 of the State Immunity Act, that is set out on the list referred to in subsection 6.1(2) of that Act.

Revocation of Registration of Certain Organizations and Associations

168 (1) Notice of intention to revoke registration

The Minister may, by registered mail, give notice to a person described in any of paragraphs (a) to (e) of the definition "qualified donee" in subsection 149.1(1) that the Minister proposes to revoke its registration if the person

(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;

(c) in the case of a registered charity or registered Canadian amateur athletic association, fails to file an information return as and when required under this Act or a regulation;

(d) issues a receipt for a gift 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 the granting of which was expressly or implicitly conditional on the association making a gift to another person, club, society or association.

168 (2) Revocation of Registration

Where the Minister gives notice under subsection 168(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 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, if

(a) in the case of a person that is or was registered as a registered charity or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(2) to (4.1), (6.3), (22) and (23);

(b) in the case of a person that is or was registered as a registered Canadian amateur athletic association or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(4.2) and (22); or

(c) in the case of a person described in any of subparagraphs (a)(i) to (v) of the definition "qualified donee" in subsection 149.1(1), that is or was registered by the Minister as a qualified donee or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(4.3) and (22).

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

Where the Minister

(a) confirms a proposal or decision in respect of which a notice was issued under any of subsections 149.1(4.2) and (22) and 168(1) by the Minister, to a person that is or was registered as a registered Canadian amateur athletic association or is an applicant for registration as a registered Canadian amateur athletic association, or does not confirm or vacate that proposal or decision within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal or decision,

(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,

(a.2) confirms a proposal or decision in respect of which a notice was issued under any of subsections 149.1(4.3), (22) and 168(1) by the Minister, to a person that is a person described in any of subparagraphs (a)(i) to (v) of the definition "qualified donee" in subsection 149.1(1) that is or was registered by the Minister as a qualified donee or is an applicant for such registration, or does not confirm or vacate that proposal or decision within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal or decision,

(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) [Repealed, 2011, c. 24, s. 54]

(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,

(g) refuses to accept for registration for the purposes of this Act any retirement income fund,

(h) refuses to accept for registration for the purposes of this Act any pooled pension plan or gives notice under subsection 147.5(24) to the administrator of a pooled registered pension plan that the Minister proposes to revoke its registration, or

(i) refuses to accept an amendment to a pooled registered pension plan,

the person described in paragraph (a), (a.1) or (a.2), the applicant in a case described in paragraph (b), (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), the administrator of the plan or an employer who participates in the plan, in a case described in paragraph (f) or (f.1), or the administrator of the plan in a case described in paragraph (h) or (i), may appeal from the Minister's decision, or from the giving of the notice by the Minister, to the 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) [Repealed, 2011, c. 24, s. 55]

(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),

(c.2) the mailing of notice to the administrator of the pooled registered pension plan under subsection 147.5(24), or

(d) the time the decision of the Minister to refuse the application for acceptance of the amendment to the registered pension plan or pooled 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.

Tax and Penalties in Respect of Qualified Donees

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

(c) 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) a registered charity

(i) 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,

- (ii) that is not the subject of a suspension under subsection 188.2(1),
- (iii) that has no unpaid liabilities under this Act or under the Excise Tax Act,
- (iv) that has filed all information returns required by subsection 149.1(14), and
- (v) 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; or

(b) a municipality in Canada that is approved by the Minister in respect of a transfer of property from the particular charity.

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) or (12) applies.

188 (4) Joint and several, or solidary, liability – tax transfer

If 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, or solidarily, 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 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 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.

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 sent 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 particular person in respect of the particular person'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 particular person after the day on which the Minister first assessed that liability and before the particular time to another person that was at the time of the transfer an eligible donee described in paragraph 188(1.3)(a) in respect of the particular person, 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 other 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 or registered Canadian amateur athletic association, 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.