

The Canada Revenue Agency revokes the charitable status of The Children's Emergency Foundation

Ottawa, Ontario, May 11, 2009. . . The Canada Revenue Agency (CRA) has revoked the charitable registration of The Children's Emergency Foundation, a Toronto-area charity. This revocation was effective May 9, 2009.

On March 27, 2008, the Minister of National Revenue issued a notice of intention to revoke the charitable registration of The Children's Emergency Foundation, in accordance with subsection 168(1) of the *Income Tax Act*. The letter stated, in part, that:

Our audit revealed that the Charity has devoted a significant portion of its resources to the promotion of two tax shelter donation arrangements, an international donation arrangement and has devoted a substantial portion of its actual cash donations to fundraising and administrative expenses.

The Charity reported receiving cash and non-cash gifts totaling in excess of \$57.8 million from donors and charities that participated in the tax shelter and international donation arrangements. Of this amount, \$46.7 million consisted of non-cash gifts which the Charity reported distributing as part of its own activities. However, the Charity's records fail to substantiate the values represented, whether the property was ever in the Charity's possession, that the property was distributed or even if the property actually existed.

The remaining \$11.1 million was received as tax-receipted cash donations. Of this amount, the Charity directed \$7.9 million to fundraising and administrative fees, while devoting only \$3.2 million to its own charitable activities. Based on the amounts devoted by the Charity to activities that do not promote or advance its own charitable purposes, it is our position that the Charity devotes a preponderance of its resources to furthering non-charitable activities.

The notice of intention to revoke and other letters relating to the grounds for revocation are available to the public on request by calling 1-800-267-2384.

A charity that has had its charitable status revoked can no longer issue donation receipts for income tax purposes and is no longer a qualified donee under the *Income Tax Act*. The organization is no longer exempt from income tax, unless it qualifies as a non-profit organization, and it may be subject to a tax equal to the full value of its remaining assets.

Registered charities in Canada perform valuable work in our communities, and Canadians support this work in many ways. The CRA regulates registered charities through the *Income Tax Act* and is committed to ensuring that charities operate in compliance with the law. Where a registered charity is found not to comply with its legal requirements, the CRA may apply monetary penalties or may suspend or revoke the charity's status under the *Income Tax Act*.



The CRA is reviewing all tax shelter-related donation arrangements (for example, schemes that typically promise donors tax receipts worth more than the actual amount of the donation), and it plans to audit every participating charity, promoter, and investor. For more information about tax shelters, go to the CRA's Tax alert Web page at [**www.cra.gc.ca/alert**](http://www.cra.gc.ca/alert).

For more information about the registration of Canadian charities, go to the CRA's Charities and Giving Web page at [**www.cra.gc.ca/charities**](http://www.cra.gc.ca/charities).

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