

2009, CRA - CHARITABLE STATUS REVOKED

The Canada Revenue Agency (CRA) has revoked the registered charity status of the British Columbia-based Universal Aide Society. This revocation is effective April 25, 2009, and follows a notice of intent to revoke to the Society dated May 6, 2008.

The letter stated in part that:

...the Charity has not shown that through its programs and arrangements for the undertaking of activities, it devotes all of its resources to its own charitable activities. The Charity has not shown that the activities are charitable and that it has continued supervision, direction and control over the programs.

In addition, over the period being audited, the Charity made financial contributions to organizations that are not considered to be "qualified donees" under the *Income Tax Act*.

Of the expenses considered to be personal, the employees benefited the most from the reimbursement of travel expenses for their relocation during the winter months to Nice, France and subsequently their return to Gabriola, B.C. during the summer, for travel expenses paid to have the employees' relatives travel from Russia to Gabriola, B.C., and for other trips and expenses that appear unrelated to the Charity's activities.

We found that the Charity also paid unsubstantiated fees (consulting, finder's fees, administrative fees and secretarial services fees) to employees or directors, or corporations of employees or directors or spouses/family members, of organizations that the Charity regularly dealt with.

The notice of intent 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 charity 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*.

For more information about the registration of Canadian charities, visit the CRA's Charities and Giving Web site at www.cra.gc.ca/charities

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