

The Canada Revenue Agency revokes the charitable status of Alberta Distribution Relief Agency Aid Society International

Ottawa, Ontario, September 14, 2009... The Canada Revenue Agency (CRA) has revoked the charitable registration of Alberta Distribution Relief Agency Aid Society International, an Edmonton-area charity. This revocation was effective September 12, 2009.

On July 28, 2009, the CRA issued a notice of intention to revoke the charitable registration of Alberta Distribution Relief Agency Aid Society International, in accordance with subsection 168(1) of the *Income Tax Act*. The letter stated, in part, that:

Our audit has concluded that from January 1, 2004, to December 31, 2006, Alberta Distribution Relief Agency Aid Society International (the Charity) issued in excess of \$106 million in receipts for cash received through the Canadian Humanitarian Trust (CHT) tax shelter. Of this amount, an overwhelming majority of the funds were transferred to another charity as compensation for its role in the tax shelter arrangement and to the tax shelter promoters as fundraising fees. The Charity itself retained 1% or \$1.06 million of the total tax-receipted amount for use in its own activities.

The Canada Revenue Agency's (CRA) audit also revealed that substantially all of the monies "donated" to the Charity were returned to the promoters of the tax shelter arrangement – a fact clearly facilitated by the Charity's role of receiving and receipting "donations" and, once received in its accounts, transferring 98% of the monies as per the promoters' instructions.

It is our position that Alberta Distribution Relief Agency Aid Society International (the Charity) has operated for the non-charitable purpose of promoting a tax shelter arrangement, for the private benefit of the tax shelter promoters and has failed to demonstrate its control over its international programs. The Charity has issued receipts for transactions that do not qualify as gifts, issued receipts otherwise than in accordance with the *Income Tax Act* and its Regulations and has failed to maintain sufficient books and records to support its activities. For all of these reasons, and for each of these reasons alone, it is the position of the Canada Revenue Agency (CRA) that the Charity's registration should be revoked.

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.

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.

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