

The Canada Revenue Agency revokes the charitable status of the Pinnacle Foundation

Ottawa, Ontario, November 17, 2008 . . . The Canada Revenue Agency (CRA) has revoked the charitable registration of the Pinnacle Foundation, a Vancouver-area charity. This revocation was effective November 15, 2008.

On October 6, 2008, the Minister of National Revenue issued a notice of intent to revoke the charitable registration of the Pinnacle Foundation, in accordance with subsection 168(2) of the *Income Tax Act*. The letter stated, in part, that:

The primary activity of the Charity to date appears to have been issuing tax receipts in support of the donation arrangement and in amounts supplied by the donation arrangement promoters. The Charity's sole activity during the audit period was its participation in the donation arrangement; no charitable activities have been conducted by the Charity prior to or after its participation aside from the gifting of approximately \$18,000 to qualified donees. The Charity's directors have advised CRA that no further activities are planned for the Charity. . . .

As a result of the Charity's participation in the donation arrangement, the Charity has received minimal rental income from the timeshare units. The Charity received \$20,253 in rental income in 2004 and gifted approximately \$18,000 to qualified donees in 2005 despite issuing official donation receipts for cash and property in excess of \$6.7 million. . . .

Given the manner in which the Charity structures and conducts its activities to accommodate these tax shelters, and the proportional levels of involvement in these arrangements, it is our position that the primary purpose of the Charity is to support and promote the donation arrangement.

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*.



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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