



News release

The Canada Revenue Agency revokes the charitable status of New Hope Ministries Institute

Ottawa, Ontario, September 8, 2009. . . The Canada Revenue Agency (CRA) has revoked the charitable registration of New Hope Ministries Institute, a Calgary area charity. This revocation was effective September 5, 2009.

On July 24, 2009, the CRA issued a notice of intention to revoke the charitable registration of New Hope Ministries Institute, 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, 2005 to December 31, 2006, New Hope Ministries Institute issued receipts totaling in excess of \$100 million for pharmaceuticals received through the Canadian Humanitarian Trust (CHT) tax shelter arrangement. Once receipted, the Charity immediately directed the pharmaceuticals to another charity also participating in the CHT arrangement. The Charity's records; however, fail to substantiate that the values recorded on the receipts were accurate or that the property was distributed for charitable purposes.

For its participation and tax-receipting abilities, the Charity received a cash gift from another participating charity of \$1.5 million. Of this amount, the Charity paid \$1.0 million to the tax shelter promoters as fundraising fees. The Charity itself retained a meagre \$500,000 from the total tax-receipted amount for use in its own activities.

Based on the audit results, it is our position that the Charity has operated for the non-charitable purpose of promoting a tax shelter arrangement and for the private benefit of the tax shelter promoters. In addition, it is our position that the Charity has undertaken activities beyond its corporate mandate, 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 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*.



Canada Revenue
Agency

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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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