

The Canada Revenue Agency revokes the registration of Metro Street Focus Organization as a charity

Ottawa, Ontario, December 10, 2010. . . The Canada Revenue Agency (CRA) will revoke the charitable registration of Metro Street Focus Organization, a Toronto-area charity. The notice of revocation has been published in the *Canada Gazette* with an effective date of December 11, 2010.

On November 1st, 2010, the CRA issued a notice of intention to revoke the charitable registration of Metro Street Focus Organization, in accordance with subsection 168(1) of the *Income Tax Act*. The letter stated, in part, that:

Our audit of Metro Street Focus Organization (the Organization) has identified serious issues of non-compliance with the requirements of the *Income Tax Act*.

For the 2006-2007 fiscal periods, the Organization reportedly issued tax receipts totaling \$1,167,073. Of this amount more than \$1 million purportedly represents donations of property including cosmetics, clothing, used shoes and blankets. However, the Charity's records fail to substantiate that the values recorded on the receipts were accurate, that the property was distributed for charitable purposes, or even that the property actually existed.

...

The audit has also revealed that, of the cash received, a significant portion was used for the improper personal benefit of the program director. At the Organization's expense, and unrelated to the charitable programs, payments were made for the personal expenses of the executive director - including the payment of fees for educational studies and repair and utility bills for the executive director's personal residence.

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.



The CRA regulates registered charities through the *Income Tax Act*, and it is committed to ensuring that charities operate in compliance with the law. Registered charities receive generous tax incentives under the *Income Tax Act* including the authority to issue official donation receipts. To maintain this privilege, registered charities are required to keep adequate books and records to allow the CRA to verify donations made to the charity and to ensure the proper use of charitable resources.

Failure to maintain adequate books and records is a serious breach of the requirements of the *Income Tax Act* and is grounds for the revocation of charitable status. 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, go to the CRA's Charities and Giving Web page at www.cra.gc.ca/charities.

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