



REGISTERED MAIL

Keys Please!!! Designated Driving Foundation
5941-156 Avenue NW
Edmonton AB T5Y 2M8.

Your file Votre référence
BN882733561 RR0001

Our file Notre référence
REG # 3001960

Attention : Mr. Jim LaChance

AUG 31 2004

**Subject: Notice of Intent to Revoke
Keys Please !!! Designated Driving Foundation**

Dear Sir:

I am writing to you further to a planned audit of the records and books of account of Keys Please !!! Designated Driving Foundation (the "Organization") for the fiscal period ended June 30, 1999.

In order for a registered charity to retain its registration, it is required to comply with the provisions of the *Act* applicable to registered charities. If these provisions are not complied with by a particular registered charity, the Minister of National Revenue (the "Minister") may revoke its registration in the manner described in section 168(2) of the *Act*.

In our letter dated July 19, 2004 (copy attached for your convenience), we described the issues of non-compliance and invited the Organization to submit representations as to why the Minister of National Revenue should not revoke its registration. To this date, the Organization has failed to respond or to contact CCRA in any other way with respect to this matter.

As a result, sufficient reason does not exist as to why the Organization's status as a registered charity should not be revoked.

Conclusion

I therefore conclude that the Organization does not meet the requirements of a charitable organization under subsection 149.1(1) of the *Act*.

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Consequently, I wish to advise you that for each of the reasons outlined in our earlier correspondence and pursuant to the authority granted to the Minister in subsection 168(1)(b) of the *Act* and delegated to me by the Minister, I propose to revoke the registration of the Organization.

By virtue of subsection 168(2) of the *Act*, the revocation will be effective on the date of publication in the Canada Gazette of the following notice:

Notice is hereby given, pursuant to paragraphs 168(1)(b), of the *Income Tax Act*, that I propose to revoke the registration of the organization listed below and that the revocation of registration is effective on the date of publication of this notice.

Business Number	Name
882733561 RR0001	Keys Please !!! Designated Driving Foundation 5941-156 Avenue NW Edmonton AB T5Y 2M8.

Should you wish to appeal this notice of intention to revoke the charity registration in accordance with subsections 172(3) and 180(1) of the *Act*, you are advised to file a Notice of Appeal with the Federal Court of Appeal within 30 days from the mailing of this letter. The address of the Federal Court of Appeal is:

Supreme Court Building
Wellington Street
Ottawa, Ontario
K1A 0H9.

Please note that the Federal Court Rules impose particular obligations upon an appellant to be met within restricted time frames.

In particular, the appellant is responsible for filing the documents that will form the case material for the Court's review. You can obtain information about these Rules from the Court.

Consequences of a revocation

As of the date of revocation of the registration of the Organization, which is the date upon which the above-noted notice is published in the Canada Gazette, the Organization will no longer be exempt from Part I Tax as a registered charity and **will no longer be permitted to issue official donation receipts.**

Additionally, the Organization may be subject to tax exigible pursuant to Part V, section 188 of the *Act*. For your reference, I have attached a copy of the relevant provisions of the *Act* concerning revocation of registration and the tax applicable to revoked charities as well as appeals against revocation (Appendix B).

By virtue of subsection 188(1) of the *Act*, the Organization will be required to pay a tax within one year after the effective date of revocation. This revocation tax is calculated on prescribed form T2046 "Tax Return Where Registration of a Charity is Revoked." The return must be filed and the tax must be paid on or before the day that is one year after the effective date of revocation.

The amount of revocation tax payable will be equal to the total fair market value of the Organization's assets on valuation day plus the amount of receipted donations and gifts from other charities received by the charity after that day. Valuation day is 120 days before the date of mailing of this Notice of Intent to Revoke.

The amount of tax payable will then be reduced by the value of any assets or funds that the organization transferred to qualified donees, disbursed on its own charitable activities, used to repay its debts and/or used to cover reasonable expenses in the period from the valuation day to one year from the date on which the revocation is effective.

A copy of form T2046 has been included for your information.

I also wish to advise you that organizations that lose their registered charity status may be subject to the requirements of section 150 of the *Act* for filing returns of income. Accordingly, a return of income that is in prescribed form and that contains prescribed information shall be filed with the Minister, without notice or demand for the return, for each taxation year of a taxpayer.

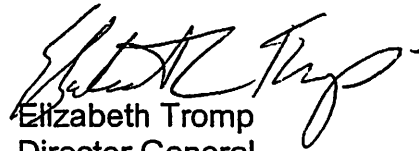
However, the Organization might be eligible for non-profit organization status which is defined in paragraph 149(1)(l) of the *Act*.

Subsection 149(12) states the filing requirements for a non-profit organization.

Determination of an organization's status as a non-profit organization is the responsibility of our Tax Services Offices. I would stress that such recognition does not convey authority to issue official donation receipts for income tax purposes.

If you need further information with regard to non-profit status, please contact your local Edmonton Tax Services Office directly.

Yours sincerely,



Elizabeth Tromp
Director General
Charities Directorate

Attachments



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

EDMONTON TAX SERVICES OFFICE
9700 JASPER AVENUE
EDMONTON, ALBERTA
T5J 4C8

REGISTERED MAIL

July 19, 2004

Keys Please Designated Driving Foundation
5941 - 156 Avenue, NW
Edmonton, AB T5Y 2M8

ATTENTION: Mr. Jim LeChance

Dear Sir:

Re: B/N: 882733561 RR0001

Charity Audit for the period 1998-07-01 to 1999-06-30

This letter is further to an audit of the books and records of account of Keys Please Designated Driving Foundation (the "Charity"). The audit relates to the operations of the charity for its fiscal period 1998-07-01 to 1999-06-30.

The audit has raised serious concerns about the Charity's compliance with certain provisions of the Income Tax Act (the "Act"). For a registered charity to retain its registration, it must comply with the provisions of the Act. If a particular registered charity does not comply with these provisions, the Minister may revoke that charity's registration in the manner described in subsection 168(2) of the Act. The balance of this letter describes the Canada Revenue Agency's (the "CRA'S") concerns.

Books & Records

The Act requires, under subsection 230(2), that registered charities maintain adequate books and records of account at a single address in Canada that is registered with the Agency. This provision is intended to enable a charity to accurately provide CRA with the information required by the Act as well as to enable CRA to verify the accuracy of reported information through an audit and to determine whether there are any grounds for the revocation of the charity's registration.

No books and records were provided for the audit despite several attempts to obtain these. No response has been received as a result of our last telephone conversation on

November 28, 2003. Our last letter dated December 4, 2003 requesting books and records to be provided within 30 days from the date of the letter was also not responded to. Numerous attempts were made to follow up since then; however, we have not received any response to-date. The Charity is therefore in violation of subsection 230(2) of the Act.

Under paragraph 168(1)(e) of the Act, the Minister may, by registered mail, give notice to a registered charity that he proposes to revoke its registration if it fails to comply with or contravenes section 230 of the Act dealing with Books and Records.

Information Returns Not Filed

Subsection 149.1(14) of the Act requires that every registered charity file a completed information return (Form T3010) without notice or demand therefore, within six months from the end of each fiscal period. If a registered charity fails to file such a return, it may lose its registered status. Our records indicate that the CRA has not received the required returns for the fiscal periods ended June 30, 2000, June 30, 2001, June 30, 2002 & June 30, 2003.

Under paragraph 168(1)(c) of the Act, the Minister may, by registered mail, give notice to a registered charity that he proposes to revoke its registration if it fails to comply with subsection 149.1(14) of the Act dealing with Information Returns.

Conclusion

For each of the reasons indicated above, it appears to us that there are grounds for revocation of the charity's status as a registered charity.

The consequences to a registered charity of losing its registration include:

1. The loss of its tax exempt status as a registered charity which means that the charity would become a taxable entity under Part I of the Income Tax Act unless, in the opinion of the Director of the applicable Tax Services Office, it qualifies as a non-profit organization as described in paragraph 149(1)(l) of the Act;
2. Loss of the right to issue official donation receipts for income tax purposes which means that gifts made to the charity would not be allowable as a tax credit to individual donors as provided at subsection 118.1(3) of the Act or as a deduction allowable to corporate donors under paragraph 110.1(1)(a) of the Act; and
3. The possibility of a tax payable under Part V, subsection 188(1) of the Act.

For your reference, we have attached a copy of the relevant provisions of the Income Tax Act concerning revocation of registration and the tax applicable to revoked charities as well as appeals against revocation.

If you do not agree with the facts outlined above, or if you wish to present any reasons why the Minister of National Revenue should not revoke the registration of Keys Please Designated Driving Foundation in accordance with subsection 168(2) of the Act, you are invited to submit your representations within 30 days from the date of this letter. Subsequent to this date, the Director General of the Charities Directorate will decide whether or not to proceed with the issuance of a Notice of Intention to revoke registration of the charity in the manner described in section 168 of the Act.

If you appoint a third party to represent you in this manner, please send us a written authorization naming that individual and explicitly authorizing that individual to discuss the Charity's file with us.

If you require further information, clarification, or assistance, please contact the undersigned at Canada Revenue Regency, telephone (780) 495-8000.

Yours truly,



Cecilia Hui, CGA
Auditor
Compliance Program Branch

Telephone: (780) 495-8000
Fax: (780) 495-6908
Address: 9700 Jasper Avenue
Edmonton, AB T5J 4C8

Charities Directorate
Toll-free: 1-800-267-2384
Website: www.ccra.adrc.gc.ca/tax/charities