



May 25, 2007

BY REGISTERED MAIL

The National Action Committee on the Status
of Women Charitable and Educational Trust
417 – 215 Spadina Avenue
Toronto, Ontario M5T 2C7

Attention: Ms. Karen Goldenthal, Trustee

BN: 10383 3240 RR 0001

**SUBJECT: Notice of Intention to Revoke
The National Action Committee on the Status of
Women Charitable and Educational Trust**

Dear Ms. Goldenthal:

I refer to our letters dated February 1, 2006, March 10, 2006, February 1, 2007 and March 8, 2007 (copies attached) in which you were informed that The National Action Committee on the Status of Women Charitable and Educational Trust (the "Charity"), had been selected for audit by the Canada Revenue Agency (the "CRA"), and was requested to contact the auditor within a given period of time to arrange a meeting for a review of the books and records. When the auditor did not receive a response to the initial contact letter of February 1, 2006, or with messages left with the Charity and with letters to the respective directors on February 1, 2007 and March 8, 2007, the Charity was advised that a continued lack of response would result in the CRA proceeding with revocation of the registration of the Charity in accordance with subsection 168(1) of the *Income Tax Act* (the "ITA").

To date, we have not received a response to any of our letters detailed above.

Conclusion

Section 231.1 of the ITA permits the CRA to inspect, audit or examine the books and records for the purposes of administration or enforcement of the ITA. Without evidence to indicate otherwise, it is our position that the Charity's books and records have not been maintained in accordance with subsection 230(2) of the ITA which states that a registered charity must keep adequate books and records at a Canadian Address it has on file with us, so that we can verify official donation receipts issued, as well as its revenues and expenditures. A charity must also keep source documents that support the information in the records and books of accounts.

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I have concluded that the Charity does not meet the requirements of a charitable organization under subsection 149.1(1) of the ITA.

Consequently, I wish to advise you that, pursuant to the authority granted to the Minister in subsection 168.(1) of the ITA, and delegated to me, I propose to revoke the registration of the Charity. By virtue of subsection 168(2) of the ITA, 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) and 168(1)(e) of the Income Tax Act, that I propose to revoke the registration of the organization listed below under subsection 149.1(2) of the Income Tax Act and that the revocation of registration is effective on the date of publication of this notice.

Business Number	Name
10383 3240 RR 0001	The National Action Committee on the Status of Women Charitable and Educational Trust Toronto, Ontario

Should you wish to appeal this Notice of Intention to Revoke the Charity's registration in accordance with subsection 168(4) of the ITA, you are advised to file a Notice of Objection within 90 days from the mailing of this letter. This Notice is a written statement that sets out the reasons for the objection and all the relevant facts. The Notice of Objection should be sent to:

Tax and Charities Appeals Directorate
Appeals Branch
Canada Revenue Agency
25 Nicholas Street
Ottawa, ON K1A 0L5

Consequences of a Revocation

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

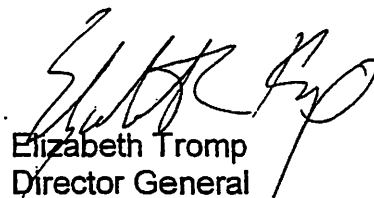
Additionally, by virtue of section 188 of the ITA, the Charity will be required to pay a tax within one year from the date of the Notice of Intention to Revoke the Charity's registration. This revocation tax is calculated on prescribed form T2046 "*Tax Return Where Registration of a Charity is Revoked*". The return must be filed and the tax must be paid on or before the day that is one year from the date of the Notice of Intention to Revoke a charity's registration. For your reference, I have attached a copy of the relevant provisions of the ITA in Appendix "A" concerning revocation of registration and

the tax applicable to revoked charities as well as appeals against revocation. Form T-2046, along with the related Guide RC-4424, "*Completing the Tax Return Where Registration of a Charity is Revoked*", are also attached for your information.

Furthermore, the Charity will no longer qualify as a charity for purposes of subsection 123(1) of the *Excise Tax Act* (the ETA), effective on the date of revocation. As a result, it may be subject to obligations and entitlements under the ETA that apply to organizations other than charities. If you have any questions about your GST/HST obligations and entitlements, please call GST/HST Rulings 1-800-959-8287. A copy of the relevant provisions of the ETA that apply to charities (Appendix "B") is also attached for your information.

Also, I wish to advise you that pursuant to subsection 150(1) of the ITA, a return of income for each taxation year in the case of a corporation (other than a corporation that was a registered charity throughout the year) shall without notice or demand therefore, be filed with the Minister in prescribed form containing prescribed information.

Yours sincerely,



Elizabeth Tromp
Director General
Charities Directorate

Attachments

- CRA's letters dated February 1, 2006, March 10, 2006, February 1, 2007 and March 8, 2007
- Appendix "A", Relevant Provisions of the *Income Tax Act*;
- Appendix "B", Relevant Provisions of the *Excise Tax Act*;
- Form T-2046, *Tax Return Where Registration of a Charity is Revoked*;
- Guide RC-4424, *Completing the Tax Return Where Registration of a Charity is Revoked*.



February 1, 2006

NAC Educational & Charitable Trust
203-234 Eglinton Avenue East
Toronto, Ontario M4P 1K5

Your file / Votre référence

Our file / Notre référence

Attention: Enni Kadiri

Dear Ms. Kadiri:

Re: Registered Charity # 103833240RR0001 – NAC Educational and Charitable Trust

This letter is to advise you that the above referenced organization has been selected for an audit as a registered charity under the *Income Tax Act*. The audit period will cover the 2004 and 2005 fiscal years.

Attached is a list of information/documents that is required for the audit.

As discussed, upon receipt of this letter, please advise the appropriate directors of the audit requirements and contact me to arrange for a mutually acceptable date for the commencement of the review.

Please be advised that additional information, not included on the list, may also be requested during the review. Should you have any concerns or questions, please do not hesitate to contact me at (416) 410-0263 or by fax at (416) 954-6015.

Thanking you in advance for your assistance and cooperation.

Yours truly,



Christopher Koch
Verification and Enforcement Division

Telephone: (416) 410-0263
Fax: (416) 954-6015
Address: 1 Front Street West
Toronto ON M5J 2X6

Toll free: 1-800-959-8281 (Individual)
1-800-959-5525 (Business)
Internet: www.ccr-aadrc.gc.ca



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

March 10, 2006

REGISTERED MAIL

NAC Educational & Charitable Trust
205-234 Eglinton Avenue East
Toronto, Ontario
M4P 1K5

Your file / Votre référence

Our file / Notre référence
0574038

Attention: Karen Goldenthal

**Re: Charity Audit – NAC Educational and Charitable Trust
B/N 103833240RR0001**

Dear Ms. Goldenthal,

This letter is further to an audit of the NAC Educational and Charitable Trust (the "Organization") for its fiscal years ended March 31, 2004 and 2005.

It should be noted that numerous attempts to contact you regarding the audit have gone unanswered and have resulted in a review being conducted using the information currently available to the Canada Revenue Agency (the "Agency").

The review has raised serious concerns about the Organization's compliance with certain provisions of the *Income Tax Act* (the "Act"). In order for a Canadian registered charity to retain its charitable status, it must comply with the provisions of the Act. Failure to comply with these provisions may result in the revocation of that charity's registration in the manner described in subsection 168(2) of the Act.

The balance of this letter describes the concerns raised during the review.

Disbursement Quota

In order to maintain its status as a charitable organization within the meaning of paragraph 149.1(1)(b) of the Act, a registered charity must, in any taxation year, expend amounts that are equal to at least 80% of the aggregate amounts for which it issued donation receipts in its immediately preceding taxation year.

The audit results indicate that the Charity failed to meet its disbursement quota of 80% for years 2002, 2003 and 2004 and had accumulated a disbursement shortfall of \$16,208 as at March 31, 2005. Expenditures used to meet the disbursement quota must be

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expended directly on a charitable activity. This would include such payments as salaries to persons performing duties directly related to a charitable program, but would not include amounts paid for purely administrative expenses such as fund-raising costs, legal or accounting fees and the like.

Pursuant to paragraph 168(1)(b) of the Act, the Minister may give notice to a registered charity that he proposes to revoke its registration where a registered charity ceases to comply with the requirements of the Act for its registration as such.

Furthermore, paragraph 149.1(2)(b) of the Act allows for revocation of the registration where the organization fails to expend in any taxation year, on charitable activities, amounts at least equal to the disbursement quota for the year.

Books and Records

Registered charities are not precluded from carrying out their activities at any number of locations. The Act requires, however, 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. The books and records will include information in such form as will enable the minister to determine whether there are any grounds for the revocation of the charity's registration.

Books and records have not been made available despite written and verbal requests to do so. The Organization 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.

No Charitable Activities

During the fiscal years ended March 31, 2004 and 2005, no material amounts of revenue was raised nor were any amounts disbursed in pursuit of the organizations charitable objectives. Clearly, no charitable activities are being conducted and it appears the organization may be inactive.

An inactive charitable organization is required to voluntarily deregister its charitable status.

Pursuant to paragraph 168(1)(b) of the Act, the Minister may give notice to a registered charity that he proposes to revoke its registration where a registered charity ceases to comply with the requirements of the Act for its registration as such.

CONCLUSION

For each of the reasons indicated above in its own right, it appears that there are grounds for revocation of the Organization'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 organisation 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 NAC Educational and Charitable Trust 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 Organization in the manner described in section 168 of the Act.

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

Should you require further information, clarification, or assistance, please do not hesitate to contact me.

Yours truly,



Christopher Koch
Verification and Enforcement Division

Toronto Centre Tax Services Office:

Telephone: 416 - 410-0263
Facsimile: 416 - 954-8015
Address: 1 Front Street West
Toronto, ON M5J 2X6
Internet: www.cra.gc.ca



CANADA REVENUE
AGENCY

AGENCE DU REVENU
DU CANADA

REGISTERED MAIL

The National Action Committee on the Status of Women Charitable and
Educational Trust
C/o Karen Goldenthal
307-600 Dundas St E.
Toronto, Ontario M5A 2B9

BN: 10383 3240 RR0001
File #: 0574038

February 1, 2007

**Subject: Audit of The National Action Committee on the Status of Women
Charitable and Educational Trust
Fiscal periods ending March 31, 2004 and March 31, 2005**

Dear Ms. Karen Goldenthal:

We are contacting you as a member of the Board of Directors/Trustees of the above noted charitable organization. We have sent a letter directly to the charity's address and have attempted to contact you by telephone however we have received no reply.

The above noted information returns are currently under review. In this regard, we would like to review the books and records. Attached is a list of information/documents that are required for the review. Please be advised that additional information, not included in the list, may be requested for review at a future date. Please provide the information and documents required for this review **within 30 days** of this letter. Should you have any concerns, please contact the undersigned.

At this time, we would like to remind you that in accordance with subsection 230(2) of the Income Tax Act, every registered charity must keep records and books of account at and address in Canada as recorded with the Minister. These books and records must contain the following:

- 1) Information in such form as will enable the Minister to determine whether there are grounds for revocation of its registration under the Income Tax Act;
- 2) A duplicate of each receipt containing prescribed information for a donation received by the charity; and

- 3) Other information in such form as will enable the Minister to verify the donations to it for which a deduction or tax credit is available under the Income Tax Act.

Failure to maintain or provide the charity's books and records can result in the registered status of the charity being revoked.

If you have any questions or require further information or clarification, please do not hesitate to call the undersigned at the numbers indicated below.

Yours sincerely,

Holly Brant
Auditor
Compliance Division
Charities Directorate
Canada Revenue Agency
Telephone: (613) 957-2212
Fax: (613) 946-7646

LIST OF DOCUMENTS

Name of Charity: **The National Action Committee on the Status of Women Charitable and Educational Trust**
BN: 10383 3240RR0001

Years to be Audited: **Fiscal Periods Ending March 31, 2004 and March 31, 2005**

1. The Charity's books and records (including general ledger, cash receipts/disbursements journals, bank statements, cancelled cheques, deposit books, all adjusting journal entries and reconciliation) for the above-noted fiscal periods.
2. For cash gifts, a listing of donation receipts issued in the format (receipt #, donor, and amount) for the above-noted fiscal periods with the total reconciled to the financial statements and the T3010a (Line 4500 of the Information Return). Also all duplicate donation receipts issued and a reconciliation of total donation receipts issued to bank deposits.
3. For gifts in kind, a listing of donation receipts issued for the above-noted fiscal periods, providing a description of the gift, name and address of appraiser of the property/gift if an appraisal of the property/gift was completed. If an appraisal of the property/gift was not completed, please provide details as to how the fair market value of the gift was determined. Also all duplicate donation receipts issued by the Charity for gifts in kind.
4. Reconciliation and breakdown of Expenditures reported by the Charity in carrying out its activities and charity work (Line 5000 of the Information Return).
5. Copies of contracts, invoices, and cancelled cheques for the following expenditures reported in the statement of operations and/or T3010 Information Return for the above-noted fiscal periods.
 - i. Expenditures on charitable work the charity itself carried out (line 5000)
 - ii. Management and general administration (line 5010)
 - iii. Fund-raising (line 5020)
6. Details of the Charity's activities supported by copies of brochures, pamphlets, publications, membership and fundraising correspondence, newsletters, press releases, media-related materials, and other related literature including copies of Governing documents.
7. Current listing of Directors/Trustees, positions within the organization and occupation. Copies of all minutes of board meetings to date. Copies of all the minutes recording the decisions of the trustees.
8. Lists and details including copies of contracts, invoices, and cancelled cheques for all capital asset additions and/or inventories for the above-noted fiscal periods.
9. All T4 slips and T4 Summaries for the taxation years ending 2004 and 2005.
10. List of the bank accounts.



March 8, 2007

REGISTERED MAIL

NAC Educational & Charitable Trust
205-234 Eglinton Avenue East
Toronto, Ontario M4P 1K5

Attention: Ms. Karen Goldenthal

BN: 103833240RR0001
File #: 0574038

**Subject: Audit of The National Action Committee on the Status of
Women Charitable and Educational Trust
Fiscal periods ending March 31, 2004 and March 31, 2005**

Dear Ms. Goldenthal,

This letter is further to an audit of the NAC Educational and Charitable Trust (the "Charity") for its fiscal years ended March 31, 2004 and 2005.

It should be noted that numerous attempts to contact the Charity regarding the audit have gone unanswered and have resulted in a review being conducted using the information currently available to the Canada Revenue Agency (the "CRA").

The CRA has identified specific areas of non-compliance with the provisions of the *Income Tax Act* (the "ITA") or its *Regulations* in the following areas:

AREAS OF NON-COMPLIANCE:		
	Issue	Reference
1.	Books and Records	230(2)
2.	Disbursement Quota	149(1)(b)
3.	Charitable Activities	149(1)

The purpose of this letter is to describe the areas of non-compliance identified by the CRA during the course of our audit as they relate to the legislative provisions applicable to registered charities and to provide the Charity with the opportunity to address our concerns. In order for a registered charity to retain its registration, it is required to comply with the provisions of the ITA and Common Law applicable to registered charities. If these provisions are not

complied with, the Minister of National Revenue may revoke the Charity's registration in the manner prescribed in section 168 of the ITA.

The balance of this letter describes the areas of non-compliance in further detail.

Books and Records:

Every registered charity must keep records and books of account an address in Canada as recorded with the Ministers as per subsection 230(2) of the Act. These books and records must contain the following:

- 1) Information in such form as will enable the Minister to determine whether there are grounds for revocation of its registration under the *Income Tax Act*;
- 2) A duplicate of each receipt containing prescribed information for a donation received by the charity; and
- 3) Other information in such form as will enable the Minister to verify the donations to it for which a deduction or tax credit is available under the *Income Tax Act*.

The books and records will include information in such form as will enable the minister to determine whether there are any grounds for the revocation of the charity's registration.

Books and records have not been made available despite written and verbal requests to do so. The Charity is therefore in violation of subsection 230(2) of the ITA.

Disbursement Quota:

In order to maintain its status as a charitable organization within the meaning of paragraph 149.1(1)(b) of the ITA, a registered charity must, in any taxation year, expend amounts that are equal to at least 80% of the aggregate amounts for which it issued donation receipts in its immediately preceding taxation year.

The audit results indicate that the Charity failed to meet its disbursement quota of 80% for years 2002, 2003 and 2004 and had accumulated a disbursement shortfall of \$16,208 as at March 31, 2005. Expenditures used to meet the disbursement quota must be expended directly on a charitable activity. This would include such payments as salaries to persons performing duties directly related to a charitable program, but would not include amounts paid for

purely administrative expenses such as fund-raising costs, legal or accounting fees and the like.

Charitable Activities:

During the fiscal years ended March 31, 2004 and 2005, no material amounts of revenue was raised nor were any amounts disbursed in pursuit of the Charity's charitable objectives. It does not appear the Charity is actively engaged in charitable activities the Charity may be inactive.

Conclusion:

If you do not agree with the concerns outlined above, we invite you to submit your written representations within 30 days from the date of this letter. After considering the representations submitted by the Charity, the Director General of the Charities Directorate will decide on the appropriate course of action, which may include the issuance of a Notice of Intention to Revoke the registration of the Charity in the manner described in subsection 168(1) of the ITA. Should you choose not to respond, the Director General of the Charities Directorate may proceed with the issuance of a Notice of Intention to Revoke the registration of the Charity in the manner described in subsection 168(1) of the ITA.

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

If you have any questions or require further information or clarification, please do not hesitate to call me at the numbers indicated below.

Sincerely,

Holly Brant
Auditor
Compliance Division
Charities Directorate
Canada Revenue Agency
Telephone: (613) 957-2212
Fax: (613) 946-7646