

concerned with collecting its debt from FADA and did not take any steps, in the audit period or subsequently, to ensure that it would have an adequate source of income to gift to qualified donees. There was no audit evidence or documentation to demonstrate efforts were made to collect the outstanding amounts. This further supports the position that the Organization made a material gift to FADA. Although a gift to FADA may not have been intended, that was the effect of the Organization's actions.

We maintain our position in regards to the existence of unacceptable private benefits and that this is a reason for the Organization's status as a registered charity to be revoked. As stated in the AFL, we are particularly concerned that no collection action was taken by the Organization and no record exists of how the Organization came to the conclusion that no collection action was warranted or how the Organization made a logical and reasoned conclusion that FADA will pay the rent owed without the need for collection action. We still have not been provided with any explanations for why the Organization made these decisions.

Accordingly, we maintain our position that an **inappropriate private benefit** was provided to FADA when the Organization **failed to collect any rent owed**. This outstanding rent is also an undue benefit, but as mentioned previously, while we are moving forward with revocation, we are **not pursuing the penalty for undue benefits**.

While the land and facilities may generate a public benefit now, depending on how the City of Burnaby uses them, that is not the proper test for whether the Organization has charitable purposes. The public benefit must have been generated by the Organization itself, while the Organization owned the land and facilities, for it to qualify as a charitable purpose.

3. Failed to meet disbursement quota

As outlined in the AFL, the CRA is of the view that the Organization has not met its minimum disbursement requirements as contained in the definition of disbursement quota (DQ) in subsection 149.1(1) of the Act. For this reason, it is the CRA's view that there are grounds for the Minister to revoke the charitable status of the Organization under paragraphs 149.1(3)(b) and 168(1)(b) of the Act.

The Organization's representations:

The Organization stated that in its view it is not fair for the CRA to propose revocation for a cumulative shortfall that is relatively small at \$39,998. In addition, the Organization stated that if the unpaid debts from FADA and the Institute have no value, the Organization's assets for purposes of calculating the DQ should be adjusted.

CRA's findings:

Although the cumulative DQ short-fall in the audit period is relatively small it exists along with other areas of non-compliance identified in the Organization. Altogether, there is sufficient non-compliance to warrant revocation.