

CRA is of the view that the Organization should be subject to the revocation of its charitable registration in the manner described in paragraph 168(1)(b) of the Act.

Disbursement Quota

The audit found that the Organization did not expend any funds on charitable activities for its fiscal periods ending November 30, 2016, to November 30, 2018, with the exception of **one gift to a qualified donee of \$5,000 in 2018**. During the audit period of December 1, 2015, to November 30, 2018, the Organization had a combined disbursement quota shortfall of over \$5 million.

Organization's Response

The Organization's response is that its disbursement quota ("DQ") in 2019 was \$1.9 million and in 2020 was \$2 million. It made qualifying expenditures during the year ending November 30, 2020, of \$3 million, thereby leaving a total DQ shortfall of \$6 million since the Organization's 2016 year end. In addition, it was stated that in the Organization's 2021 year, it has made \$250,000 of qualifying expenditures to date, and proposes to make up the shortfall noted by June 24, 2021.

The Organization has entered into a funding agreement with the Canada Soccer Association, and is committed to donating \$6 million in quarterly payments of \$250,000 with the first donation on February 28, 2021.

Our Response

Although the Organization is able to "catch up" on their cumulative DQ shortfall which started from their 2016 year end, it does not negate the fact that the Organization has not been compliant since 2016. The calculated shortfalls are neither minor, nor due to calculation errors or oversights; they are due to the fact that the Organization failed to make any qualifying expenditures during its 2016 to 2018 taxation years except for the \$5,000 gift made in 2018.

Subsection 149.1(20) of the Act provides a reprieve for taxpayers as it recognizes that sometimes whether due to calculation errors or other circumstances, private foundations may end up with a disbursement quota shortfall during the year. The Act allows for shortfalls to be met by applying excesses from the previous five taxation years or its immediately subsequent taxation year. The Organization's cumulative shortfall is further exacerbated by the fact that even during our audit, which began in August of 2019, the Organization did not fully address the shortfall during its 2019 taxation year by making qualifying expenditures to have sufficient DQ excesses to draw on.

Although the Organization purports to have the capacity to make up for the cumulative DQ shortfall of \$6 million with the proposed actions to address the shortfalls that began during the Organization's 2016 year end, this does not change our position that the inactions and shortfalls identified by the audit are significant and demonstrate non-compliance of a serious nature.