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MAR 31 2009

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Toronto ON M5H 3S1

Your file
119104.0001

Our file
3036438

March 24, 2009

SUBJECT: NOTIFICATION OF REGISTRATION
Pigeon Lake Watershed Association

Dear Ms. Stacey:

We are pleased to inform you that based on the information supplied, and assuming that the activities will be as stated during the application process, we have determined that the Pigeon Lake Watershed Association (the Charity) qualifies for tax-exempt status as a registered charity under paragraph 149(1)(f) of the *Income Tax Act* (the Act).

The following paragraphs and the documents attached to this letter will explain the operational requirements that apply to all registered charities (filing requirements, content of official donation receipts, etc.). Please take time to look over this information and keep this letter for future reference. You should also pass on a copy of the registration letter to whoever will be responsible for completing the Charity's annual information return.

If you have any questions about the information contained in this letter, or require further assistance, please do not hesitate to contact our Client Service Section, either by phone at (613) 954-0410 or toll-free 1-800-267-2384, or by mail to the Charities Directorate, Canada Revenue Agency, Ottawa, ON K1A 0L5. For questions pertaining to charities and the Goods and Services Tax (GST), please call us toll-free at 1-800-959-5525.

REGISTRATION INFORMATION

- **Reason for Registration**

Pigeon Lake Watershed Association has been registered as a charity because it benefits the community by preserving and protecting the environment by:

- organizing or participating in environmental projects designed to preserve and protect flora and fauna;
- educating and increasing the public's understanding of the environment and its importance by offering seminars, conferences and meetings and by collecting and disseminating information on that topic; and
- conducting research relating to the environment and disseminating the results of such research.

- **New and Future Activities**

Registration has been granted on the understanding that Pigeon Lake Watershed Association will not undertake any activity(ies) beyond those described in the application for charitable registration, unless it has received prior approval to do so from our office. Accordingly, if at some future time the organization wishes to pursue a new activity/program that was not described in its application for charitable registration, it must provide our office with a detailed description of the proposed activity/program so that we may determine whether or not it is acceptable. This is necessary to ensure that the organization will operate within the limitations imposed by the *Income Tax Act*.

- **Political Activities**

An organization cannot be registered as a charity if it is established for a political purpose. "Political" within the charitable sector has a distinct legal meaning that often differs substantially from its popular meaning and includes attempting to bring about or oppose changes in the law or government policy. The *Income Tax Act* permits a registered charity to engage in limited political activities that are non-partisan and advance their strictly charitable purposes.

The nature of the work in which Pigeon Lake Watershed Association is involved suggests that it may engage in some form of political activity. Please consult the Directorate policy statement CPS-022 Political Activities at <http://www.cra-arc.gc.ca/tx/chrts/plcy/cps/cps-022-eng.html> to ensure compliance with the requirements of the Act.

- **Key Registration Data**

- **Official Name of the Charity**

- The Charity has been registered under the name that appears on your governing document: Pigeon Lake Watershed Association. This name must be reproduced in full on all official donation receipts issued by the Charity.

- **Business Number**

- The Charity's Business Number is **85541 4785 RR0001**.

The Business Number (BN) is a numbering system that simplifies and streamlines the way organizations deal with the federal government. It is based on the concept of one entity, one number. The BN consists of a nine-digit root, followed by a two-letter, four-digit account identifier. The nine-digit root is the same for each account an organization may have with the Canada Revenue Agency (CRA) (besides a charity account, you may also have payroll, corporate income tax, and GST/HST accounts, etc.). The two-letter, four-digit identifier will be different for each account; registered charitable status is acknowledged by the **RR0001** - account identifier. Please note that the Charity's BN should be written **in full** on all its donation receipts.

- **Effective Date of Registration**

- The Charity is **registered effective February 17, 2009**.

- **Designation**

- The Charity is **designated** as a **Charitable Organization**. We have determined that the Charity is a **Charitable Organization** because it meets the requirements of that definition as set out in subsection 149.1(1) of the Act. This designation determines the operational requirements that the Charity will have to meet under the Act (see the enclosed Guide entitled *Registered Charities and the Income Tax* for further information). If you think this designation does not accurately reflect the present structure, source of funding or mode of operation of the Charity, please write to us within sixty days of the mailing of this letter, clearly setting out your reasons.

If the Charity changes its purposes, activities, sources of support or directors (see below), a change in its designation may be required. Should you wish to apply for a change in designation, you will need to complete form *T2095* (available on the CRA Web site or by calling our toll-free line).

- **Fiscal Year End**

- The Charity's **fiscal year end** has been established as **December 31**.

- **Due Date for T3010 Information Return**

The Charity will have to file its first **annual return** on or before **June 30, 2010**, for the fiscal period ending **December 31, 2009**.

OPERATIONAL INFORMATION

- **Changes in the Charity's Purposes, Activities, Sources of Support or Directors**

We have registered the Charity based on the information provided during the application process. A registered charity is not entitled to pursue purposes that are not stated in its governing documents. If the Charity wishes to formally change the stated purposes or objects contained in its governing document, it should obtain our prior approval. Should the Charity amend its purposes to those that are not considered charitable at law, its charitable status could be revoked. If the Charity wishes to undertake activities (programs) that are materially different from those in the information submitted, it should make sure they are within the scope of its stated purposes. Moreover, programs or activities that are different from those already reviewed, may not be charitable. As a precaution, we recommend that you check with us before making any changes. If the Charity actually undertakes programs that are not charitable, it could jeopardize its registered charitable status.

Finally, if the Charity's sources of support, character, or method of operation were to change, it is required to advise us immediately so that we may consider any impact this may have on its registered status. The Charity is also required to advise us if the relationships (blood, marriage, adoption or business) among its directors and officials change.

Any of these types of changes might affect the Charity's designation and the operational requirements it has to meet under the Act.

- **Gifts (During the Charity's lifetime and upon dissolution or winding-up)**

A registered charity may gift only to "qualified donees" described in subsection 149.1(1) of the Act (see appendix attached). The specific requirements of individual provinces may modify or restrict the "qualified donees" to which a registered charity may gift its resources. In all cases, once the Minister of National Revenue has issued a notice of intention to revoke the organization's registration as a charity under the Act, a charity may subsequently divest itself of its assets only to "eligible donees" described in subsection 188(1.3) of the Act (see appendix attached). Further information about gifting and disposing of assets can be obtained from our Client Service Section.

- **Issuing Receipts Acknowledging Gifts to the Charity**

In order for donors to benefit from the tax incentives associated with gifting to a charity, they must receive an official receipt issued by a registered charity. Official receipts are those issued by a registered charity that meet the requirements set out under Regulation 3501 of the *Income Tax Act Regulations*.

Official receipts can only be issued to acknowledge gifts to the charity. A gift is defined as a voluntary transfer of property (including money) by a donor with “donative intent”. The test used to determine whether the donor actually intended to make a gift is based on whether anything is received in return. If nothing is received then clearly, there is donative intent. If some form of consideration is received, the value must not exceed 80% of the fair market value of the original gift. An official charitable donation receipt can only be issued for the “eligible amount”, which is the amount exceeding the value of anything the donor received in return.

A contribution of services (for example, time, skills or effort) does not qualify as a gift since services are not property. However, a charity can pay for services rendered and later accept the return of all or a portion of the payment as a gift, provided it is returned voluntarily.

For more information about what constitutes a gift in charity law and about issuing receipts, please refer to our Web site at www.cra-arc.gc.ca/charities or call our toll free line.

- **Books and Records**

A registered charity must keep adequate books and records so that we can ensure that it continues to comply with the requirements for registration. For further details please see the enclosed Information Circular No. 78-10R4 entitled “*Books and Records Retention/Destruction*”. Visit our Web site at <http://www.cra-arc.gc.ca/tx/bsnss/tpcs/cmm/bks-eng.html> for information on electronic books and records.

- **Use of Resources/Conduct of Activities**

According to the Act, a registered charity may only use its resources (funds, personnel and/or property) in two ways, both inside and outside of Canada.

- First, a charity can undertake charitable activities itself. These are activities/ programs that are conducted under the Charity's direction and control. Such activities may be conducted by the Charity's employees or volunteers, or by its “intermediaries” (agents, contractors or partners). Should the Charity wish to transfer its resources to an individual or organization that is its intermediary, it must do so according to a structured arrangement. The arrangement must clearly

show that the Charity maintains direction and control over the use of its resources. Please refer to our Guide: *Registered Charities Operating Outside Canada* for more information, and for details about the type of arrangement needed.

- Second, a charity may use its resources to gift funds to “qualified donees” as defined in the Act. For the most part, “qualified donees” are other registered Canadian charities. Individuals, and most organizations outside Canada such as foreign charities and international aid agencies, are not “qualified donees”. The attached appendix contains a complete list. For registered charities that are designated as charitable *organizations*, gifts to “qualified donees” should not exceed 50% of the charity’s income for that year (gifting in excess of 50% will change the charitable organization’s designation to that of a public foundation). *Public foundations* will gift over 50% of their income to qualified donees on an annual basis. Please refer to page 3 of this letter for the Charity’s designation, and to page 4-5 of the enclosed Guide entitled *Registered Charities and the Income Tax Act* for additional information.

In the course of carrying on its charitable activities, a registered charity can devote some of its resources to management and administration (such as rent for space not used for charitable programs or salaries paid to persons who are not directly involved in charitable program delivery). However, these expenses are not considered to be expenditures on charitable activities and do not count towards meeting the Charity’s disbursement quota.

When conducting research, Pigeon Lake Watershed Association must make the results available to the public and retain legal ownership to any associated rights.

- **Remuneration of Directors/Trustees**

Subsection 149.1(1) of the Act states that no part of the income of a registered charity can be payable to, or otherwise available for the personal benefit of, any of its proprietors, members, shareholders, trustees, or settlors. This means that directors/trustees of registered charities must not receive any income from the Charity simply for being named as director/trustee. However, the Charity may reimburse its directors/trustees for any expenses they incur while performing their duties. As well, directors/trustees can receive reasonable remuneration for the actual time, effort and services devoted to the Charity’s affairs, provided that compensation is in accordance with the organization’s governing documents, by-laws and/or provincial legislation. Registered charities are responsible for ensuring that they are in compliance with all legal requirements.

- **Tax Shelters**

The CRA has serious concerns about abusive tax shelter gifting arrangements and cautions registered charities about becoming involved in such schemes. A tax shelter gifting arrangement typically promises its participants tax savings greater than the cost of participation in the scheme, thus allowing donors to “profit” from donating to a charity. Prominent examples of such schemes include gifting trust arrangements, leveraged cash donations, and “buy-low, donate-high” schemes.

While certain tax shelter arrangements may be legitimate, the CRA intends to audit most or all that involve charitable gifts. To date these audits have resulted in the reassessment of thousands of donors and billions of dollars.

Registered charities that are found to have knowingly exploited their tax-receipting privileges by participating in abusive or fraudulent tax shelter gifting arrangements, or that fail to devote their resources to legitimate charitable activities, will be subject to significant monetary penalties and/or the revocation of their registered charitable status.

Additional information about tax shelter gifting arrangements can be found on our Web site at www.cra-arc.gc.ca.

- **Other Possible Requirements Associated with Charitable Status**

The Charity is now registered for federal income tax purposes. However, depending on where in Canada it carries on its activities, there may be provincial legislation or municipal by-laws that govern its operations. These rules may require the Charity to file reports or annual returns, or to apply for licenses in connection with various aspects of its activities, such as fund-raising. The Charity should contact the appropriate provincial and municipal authorities to determine all relevant requirements.

THE CHARITY'S ANNUAL FILING REQUIREMENTS

- **T3010 Annual Information Return**

Every registered charity must file a T3010 information return (the “return”) each year no later than six months after the end of its fiscal period. A complete return includes:

- Form T3010A, *Registered Charity Information Return*, and the *Registered Charity Basic Information Sheet*.
- A list of directors/trustee or like officials, with all the required information.
- A list of “qualified donees”, with all required information (if applicable).
- A copy of the registered charity’s financial statements.

The information that must be included in the return may differ substantially from that available in the Charity's current books and records. Here are some items of information the Charity will have to provide:

- A breakdown of gifts, including those for which **official tax receipts** were issued and those from other registered charities.
- Disbursements, specifying amounts spent on charitable programs, on fund-raising, on administrative expenditures, and on political activities.
- A breakdown of remuneration to directors, executive officers and employees engaged in charitable activities, and employees engaged in other activities.

The return is mailed out annually to all registered charities. It is important, therefore, for the Charities Directorate to always have the current address of the Charity. However, it is the Charity's responsibility to ensure that it meets its annual filing requirements, without prior notice from the CRA. **Failure to file the return within the prescribed six-month period following each fiscal year end could result in the revocation of the Charity's registered charitable status.**

- **Other Filing Requirements**

If the Charity is a corporation, it is not required to file a *T2 Corporation Income Tax Return* during the period it has registered charitable status. Should a registered charity lose its registered charitable status, it will be required to resume filing the T2 return. For information regarding T2 filing requirements with regards to charities please call Business Enquiries at 1-800-959-5525.

- **Accessing Guides and Forms Online**

To help with completing the return, Guide T4033, *Completing the Registered Charity Information Return*, is available online through the CRA's Charities and Giving Web site (www.cra-arc.gc.ca/charities).

The CRA recognizes that a number of registered charities do not have access to high-speed Internet. Therefore, most of our guides are available in both PDF and HTML formats. Documents in HTML format are Web-based, load faster than those in PDF, and are more convenient to navigate online. Registered charities can access Guide T4033 in HTML format, click on the sections of relevance to them, and print individual sections relatively quickly. PDF is the better format to print the entire guide, but it is more difficult to navigate online, and takes significantly more time to load on your computer.

We encourage registered charities to make use of our Web site. It provides access to most of our forms and publications, as well as guidelines outlining the requirements for the Charity's continued registration under the Act. Registered charities that do not have access to our online material, or that find the process too slow, can call the Charities Directorate Client Service number at: 1-800-267-2384, and one of our

officers will be happy to answer any questions or mail printed copies of any necessary guides or forms.

CHARITY AUDITS

Through ongoing audit and review programs, the CRA endeavours to ensure that the requirements for continued registration are met. Further, a number of registered charities are verified by the CRA each year. Charities are selected for audit using risk-based criteria, including the review of annual returns, or on the basis of random sampling. Where a registered charity is not complying with the Act, it may face penalties up to and including revocation of its registered charitable status.

- **Revocation of Charitable Status**

In the event that the Charity loses its charitable status, either on a voluntary basis or for cause, it would lose its tax-exempt status as well as its authority to issue official receipts for income tax purposes. It would also be subject to a tax equal to the value of any remaining assets not disposed of in a prescribed manner. Please refer to the section entitled *Revocation of a charity's registration* at page 13 of the Guide entitled *Registered Charities and the Income Tax Act* for additional details.

ELECTRONIC MAILING LIST

To ensure that you receive information in a timely manner, we strongly encourage you to subscribe to our **Electronic Mailing List (EML)**. For details on how to sign up, simply go to our Web site at:

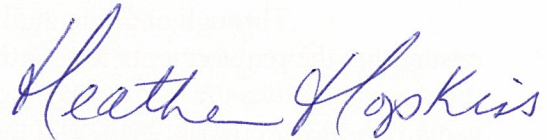
<http://www.cra-arc.gc.ca/esrvc-srvce/mllst/sbscrbchrts-eng.html>

This is a free service. By subscribing to the EML, you will be automatically notified, via e-mail, of the latest information available for charities, such as up-dates to policies, new forms, newsletters, etc. Being registered on the EML allows you to pick and choose items that are of interest to the Charity, and to visit the site for additional information on those particular topics.

The Web site provides access to many subjects, some of which have been mentioned above. The site also provides information related to our annual Charity Information Sessions at which representatives of the Charities Directorate discuss a variety of topics of interest to registered charities. These sessions are open to all registered charities and are free of charge.

Because this letter could help resolve any questions about the Charity's charitable status, you should keep it in your permanent records.

Yours sincerely,

A handwritten signature in blue ink that reads "Heather Hopkins". The signature is fluid and cursive.

Heather Hopkins
Senior Charities Officer
for Terry de March,
Director General
Charities Directorate

Attachments
HH/ny