



WATEROUS HOLDEN AMEY HITCHON^{LLP}
LAWYERS

March 18, 2013

Sent By E-mail – jill@freshwaterfuture.org

Jill Ryan, Executive Director
Great Lakes Aquatic Habitat Network And Fund, Inc.
Freshwater Future
P.O. Box 2479
Petoskey, Michigan
U.S.A.
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P.O. Box 1510
20 Wellington Street,
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Brian Finnigan
direct: 519-751-6408

Dear Jill:

Re: Freshwater Future
Application to Register a Charity under the *Income Tax Act*
Our File No. 515465-94561

Enclosed herewith please find a further response that we received from Revenue Canada. I do not believe that this is a particularly satisfactory response, but unfortunately it is what we are dealing with given the government's position with respect to U.S./Canada environmental groups. I believe that notwithstanding the fact that the objects proposed by Revenue Canada largely restrict you to educational activities, I would think that there is a fair bit of latitude in what could be considered "educational" activities. In any event, I have prepared the Articles of Amendment accordingly, and would request that you please advise me if you wish to proceed with them.

If you have any questions, please let me know.

Yours truly,

WATEROUS HOLDEN AMEY HITCHON LLP

Per:

Brian G. Finnigan
BGF/amc
Encl.



Mr. Brian Finnigan
Waterous Holden Arney Hitchon LLP
20 Wellington Street
Post Office Box 1510
Brantford ON N3T 5V6

Our file
3048899

March 5, 2013

Subject: Freshwater Future
Application to Register a Charity Under the *Income Tax Act*

Dear Mr. Finnigan:

We have reviewed the application to become a registered charity submitted on behalf of Freshwater Future (the Applicant) and your letters of January 9, 2013, and February 15, 2013. Based on the information provided, the Applicant could qualify for registration if it amends its purposes as suggested below within **60 days**.

a) Purposes

To qualify for registration an applicant must be established exclusively for charitable purposes, and it must devote its resources to its own charitable activities. It is our position that the Applicant is not eligible for charitable registration because the purposes contained in Article 4 of its Articles of Incorporation, issued under the *Canada Not-for-profit Corporations Act* on December 29, 2011, are worded using broad and vague language that do not restrict it to activities that are considered charitable at law. Further, based on the information provided during the application process, it is our view that the Applicant's purposes no longer reflect its method of operation.

However, based on our understanding of the Applicant's activities, the Applicant could qualify for registration if it amends its purposes. We suggest that the Applicant **delete all** of its purposes at Article 4 of its Articles of Incorporation, and **replace** them with the following charitable purposes:

- (a) To educate and increase the public's understanding of the aquatic environment and its importance in the Great Lakes Basin, and the public's understanding of the necessity of preserving, protecting, restoring and remediating the aquatic environment of the Great Lakes Basin by offering courses, seminars, conferences, and meetings and by collecting and disseminating information on these topics;
- (b) To improve the effectiveness of other registered charities by providing expertise on planning, structuring, and improving charitable programs to better address the needs of beneficiaries;
- (c) To gift funds to qualified donees as defined in subsection 149.1(1) of the *Income Tax Act*; and
- (d) To undertake activities ancillary and incidental to the attainment of the above charitable purposes.

b) Remuneration clause

We note that the Applicant's governing documents do not contain a remuneration clause. While a remuneration clause is not mandatory for entities incorporated under the *Canada Not-for-profit Corporations Act*, the Applicant may wish to include it to ensure compliance with the Act. As such, we suggest that the Applicant **add** the following provision:

"The directors shall serve as such without remuneration and no director shall directly or indirectly receive any profit from his/her position as such, provided that directors may be paid reasonable expenses incurred by them in the performance of their duties."

While it is our opinion that the above provisions would be acceptable for registration, any deviation from the proposed wording might not be acceptable, and may result in Freshwater Future's application for registration being denied.

We recommend you begin the process of amending your governing documents as soon as possible. To avoid delays, include a copy of this letter when submitting your amendment request.

c) Canada Not-for-profit Corporations Act

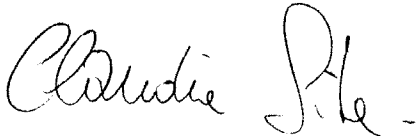
To proceed with this amendment, you must submit Form 4004, Articles of Amendment, to Industry Canada. The Minister of Industry will then issue and send you the approved Certificate of Amendment.

Once you have formally amended the purposes as specified above, you must send us a copy of the Certificate of Amendment, issued by the Minister of Industry, and all attachments outlining the amendments. Once we receive these documents, and no other concerns have been identified, we would be prepared to grant registration.

The amended governing documents must be received by us within 60 days of the date of this letter. If we do not receive your response within 60 days, we will consider the application to be abandoned and the file will be closed.

Please see the attached appendix detailing your options at this time. We trust that this has been of assistance.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Claudia Sita".

Claudia Sita
Charities Analyst
Charities Directorate
Canada Revenue Agency
Ottawa ON K1A 0L5
613-954-0948

Attachments

The Applicant's options

(a) Respond within 60 days

If you choose to respond, you must do so in writing within **60 days** of the date of this letter. Your response must address the concerns we raised in our letter.

(b) Do not respond within 60 days

If we do not receive your response within **60 days** of the date of this letter, we will consider the application to be abandoned and the file will be closed. Should the Applicant feel that the information already provided is sufficient, it must notify us in writing within **60 days** of the date of this letter, and a final decision will be rendered based on the materials already provided. An applicant has the right to object to a final decision to deny registration if it believes we have misinterpreted the facts or applied the law incorrectly. Further information about objection rights can be found on the CRA Web site at www.cra-arc.gc.ca.

(c) Withdraw your application within 60 days

If you choose to withdraw, you should inform us in writing within **60 days** of the date of this letter. We are enclosing a Withdrawal of Application form for your convenience. If you withdraw, your application will remain confidential. There are no negative consequences if you decide to withdraw your application.

You may choose to apply again in the future. If you re-apply, please go to www.cra.gc.ca/charityapplication for information on the requirements for registration. The Web page contains information to help you prepare an application with sufficient information and detail to give us a clear understanding of **what** activities the Applicant will carry on and **how** it will operate.

(d) Request non-profit organization status

You may be entitled to a tax exemption as a non-profit organization if you meet the conditions set out in the Income Tax Act. Interpretation Bulletin IT496R, *Non-Profit Organizations*, at www.cra.gc.ca/E/pub/tp/it496r may assist you in determining if you are eligible.

We stress, however, that a non-profit organization and a registered charity are treated differently under the *Income Tax Act*. For example, a non-profit organization cannot issue official donation receipts for income tax purposes. For more information, please refer to the "Registered Charity vs. Non-profit Organization" Web page at www.cra.gc.ca/chrts-gvng/chrts/pplyng/rgstrtn/rght-eng.html.



Canada Not-for-profit Corporations Act (NFP Act)

Form 4004

Articles of Amendment

1 Corporate name

FRESHWATER FUTURE

2 Corporation number

8, 0, 2, 9, 0, 9, -, 1

3 The articles are amended as follows: (complete all applicable sections)

A The corporation amends its name to:

B The corporation amends the province or territory in Canada where the registered office is situated to:

C The corporation amends the number of directors to: (for a fixed number, indicate the same number in both boxes)

Minimum number Maximum number

D Other amendments, please specify:
See Schedule 1 attached.

4 Declaration

I hereby certify that I am a director or an authorized officer of the corporation.

Signature _____

Print name THERESA A. McCLENAGHAN _____

Phone number (416) 960 - 2284 _____

Note: A person who makes, or assists in making, a false or misleading statement is guilty of an offence and liable on summary conviction to a fine of not more than \$5,000 or to imprisonment for a term of not more than six months or to both (subsection 262(2) of the NFP Act).



Schedule 1

All of the purposes set out in Article 4 of the Articles of Incorporation are deleted and replaced with the following:

- (a) To educate and increase the public's understanding of the aquatic environment and its importance in the Great Lakes Basin, and the public's understanding of the necessity of preserving, protecting, restoring and remediating the aquatic environment of the Great Lakes Basin by offering courses, seminars, conferences, and meetings and by collecting and disseminating information on these topics;
- (b) To improve the effectiveness of other registered charities by providing expertise on planning, structuring, and improving charitable programs to better address the needs of beneficiaries;
- (c) To gift funds to qualified donees as defined in subsection 149.1(1) of the *Income Tax Act*; and
- (d) To undertake activities ancillary and incidental to the attainment of the above charitable purposes.

The following shall be added to the additional provisions of Section 8 of the Articles of Incorporation:

The directors shall serve as such without remuneration and no director shall directly or indirectly receive any profit from his/her position as such, provided that directors may be paid reasonable expenses incurred by them in the performance of their duties.