

President's Report
Charitable Status - CRA Response to EBC Application
October 25 2016

We have received an assessment from CRA to our application for Charitable Status. In a 10-page document, they outline in considerable detail why our application is not acceptable as presented. I recommend that all board members read their decision here:

<https://drive.google.com/open?id=0B11PfbtGMFFuMWhyMWtnVHIBUEk>

I will try to summarize key elements of their decision:

1. Our objects fail to unambiguously describe our purpose as charitable. Our wording is too broad and vague and allow for the pursuit of non-charitable activities. In general, the Directorate states that our purposes must fall clearly into one or more of these four categories:
 - a. "Relief of poverty
 - b. Advancement of education
 - c. Advancement of religion
 - d. Other purposes beneficial to the community as a whole in a way which the law regards as charitable". The Directorate does confirm that promotion of health can be considered charitable

Our objects must clearly describe our charitable purpose, how that purpose will be accomplished and who will benefit

2. The charities Directorate takes the position that EBC conducts a mix of charitable and noncharitable activities, specifically:
 - a. Bikeworks may not be considered charitable if its activities are not clearly subordinate and linked to a "dominant charitable purpose" (see element 1. above)
 - b. While our educational programming may be considered charitable, we need to demonstrate course content and format as well as instructor credentials. Spoke program, public workshops, WTGNP program
 - c. We need to have agreements in place with professional partners and demonstrate that we have participant selection criteria. YCR2
 - d. Donations to community organizations is deemed a non charitable activity
3. Clarification of financial information to confirm that "substantially all of [our] resources are devoted to charitable activities."
4. The charities Directorate concludes "it is unlikely that the Applicant can become a registered charity. At this time, it has not shown that it is established exclusively for charitable purposes and that it is carrying on charitable activities."

The charities Directorate has given us two options:

1. Respond to their assessment by Dec 12 2016, addressing concerns expressed in elements 2 and 3 above. They don't expect us to change our objects until they are satisfied that our actual activities are truly charitable in nature
2. Withdraw our application without prejudice. EBC can re-apply if we choose at any time in the future.

In light of the foregoing, the board should consider the following before making a decision:

1. Does EBC have both the necessary information and resources to provide a credible response by Dec 12?
2. Would we have to make material changes to any of our programming and activities to ensure that they would be considered charitable by the Directorate?
3. Can we in fact comply with some of the requirements stated in the assessment?
4. What are the consequences of choosing to remain not for profit? For example, continued restrictions on sources of grant revenue, greater autonomy to modify, cancel and introduce new programming and operations, likely loss of the YCR2 program.

Next step: review our options at EBC Executive Committee meeting on Wednesday Oct 26.
The outcome will be reported to the rest of the board shortly after the executive meeting.

Board member comments on this matter are most welcome.

Jonathan Woelber
President
Edmonton Bicycle Commuters' Society