

Statement in Response to Testimony by Charity Intelligence before the Standing Committee on Finance

WE Charity and ME to WE Social Enterprise have gone further than most other organizations in our sector to engage third parties to conduct independent evaluations. Please see the Transparency section of website [HERE](#), and the published 2019 Transparency Report [HERE](#).

In a three-page letter to Charity Intelligence on July 21, 2020, WE Charity identified their inaccurate and misleading statements made about our organization ([HERE](#)), which they still have not corrected. Since June 26, there have been 1,444 mentions of Charity Intelligence in mainstream media via print, online and broadcast, and 72 mentions of Kate Bahen in mainstream media via print, online and broadcast. Accuracy matters, especially when Charity Intelligence becomes the “go-to” for negative commentary.

Charity Intelligence, as well as other members of the House of Commons Standing Committee on Finance continue to make inaccurate and misleading statements about WE Charity’s work and its impact. We understand the committee is looking into important issues, but when information that is shared is wrong it damages the good work and reputation of a charity, built over 25 years, and most importantly the youth, educators and beneficiaries WE Charity serves.

Below are the main topics where misrepresentations were made during testimony today, with our responses:

Bank Covenants

In 2017/2018, WE Charity shifted its fiscal year to September to August (from January to December), to align with the academic year. This shortened our fiscal year, which shifted when donations were “recognized,” particularly from corporate partners that sign multi-year partnerships. This shift impacted when donations were recognized over a two-year period; although, the total donations amounts were not affected.

The charity lender recognized this shift and willingly waived any concerns on their part. This reporting issue has been inaccurately portrayed by politicians and third parties to falsely create a narrative that the CSSG was awarded as a financial rescue to WE Charity. In actuality, WE Charity operates with eight-months of operating cashflow, as well as with investments in substantial real estate.

Why WE Charity Foundation

It is unfortunate and misleading for Ms. Kate Behan (Managing Director of Charity Intelligence) and others on the Finance Committee to refer to WE Charity Foundation as a “shell foundation”, “shell company” or “real estate holding company”.

During a global health pandemic, the Canadian government asked WE Charity to assume all liability for delivering the CSSG – including for the tens of thousands of students and all involved not-for-profit organizations. WE Charity Foundation was only introduced as a party to the contract after this liability request by the government. WE Charity Foundation is a registered charity and contrary to public statements, the WE Charity Foundation had never previously held any funds or real estate. WE Charity, with all its resources and expertise, was fully utilized to deliver the program.

ME to WE Social Enterprise Purpose

As per the CRA Income Tax Act, a charity is limited in its ability to operate a business, even if for social purposes. ME to WE Social Enterprise would have been a charity if CRA updated its rules to accommodate social enterprises, which are common in many parts of the world. Canada is experiencing 30-years of a steadily declining percentage of Canadians who donate to charity. Social enterprise is a legitimate and important tool for social good.

Ms. Behan was inaccurate in her comments about a lack of transparency surrounding the amount of cash annual contributions donated from ME to WE Social Enterprise to WE Charity. That information is provided by the auditors and is readily available on the website ([HERE](#)) and has been previously presented to Charity Intelligence.

ME to WE Social Enterprise's primary purpose is not profit, but rather creating jobs for at-risk communities around the world. Nonetheless, this statement from auditors ([HERE](#)) confirm (i) annual cash donations from ME to WE Social Enterprise to WE Charity and (ii) clarifies that there have been no dividend payments from ME to WE to any other party, meaning that since its 2008 founding 100% of ME to WE Social Enterprise's profits have been either donated to WE Charity or reinvested to grow the social enterprise and its mission.

Co-Founder Disclosure

Ms. Behan was inaccurate in her statement regarding the disclosure status of WE Charity & ME to WE Social Enterprise co-founders Craig and Marc Kielburger. She stated, "When you're not an officer or director there is no reporting requirement by the auditors."

When WE Charity does purchase goods from ME to WE Social Enterprise — mostly hosting trips for youth on scholarships and hosting charity donors — there is a full disclosure in the WE Charity annual statements because of the disclosed relationship of the co-founders. Please see below for examples:

- 2018 Audit [HERE](#); see page 22 (note #16)
- 2017 Audit [HERE](#); see page 17 (note #14)

Craig Kielburger and Marc Kielburger are volunteers for WE Charity. They have never been employed by WE Charity nor served on the Board of Directors to help ensure the independence of the Board of Directors. This has been true since they both co-founded the charity as teenagers. It is unfortunate that some choose to portray this in a negative light.

Governance & Board

There continues to be misstatements about the WE Charity Board of Directors. In the fall of 2019, WE Charity started a process of renewal of the Board of Directors in anticipation of WE Charity's 25th anniversary in 2020, and due to the fact that a number of Board members had served for durations of more than five and even ten years.

WE Charity acknowledges and thanks Michelle Douglas for 14-years of service on the Board. During the COVID-19 crisis, difficult and fast decisions were being made and there was a difference of opinion between Ms. Douglas and WE Charity senior management. Ms. Douglas transitioned in a different

manner than the other Board members. It was a trying time for everyone, and the outcome was regrettable.

Today, the North American Board is composed of eight skilled individuals who are experts in legal, finance, education, technology, and operations, and who provide strong overall governance. Of the eight directors of the North American Board, three directors who have each served for 3+ years have remained on the North American Board through this transition period. Korn Ferry will conduct a review of systems and governance.

Explanation of so-called “Complex System”

There are two overall structures: WE Charity and ME to WE Social Enterprise. There have been ongoing questions about sub-entities, which exist for three principle reasons:

- WE operates globally and often local laws require incorporation in respective countries. For example, WE Charity is incorporated in Canada, the U.K., U.S., etc.
- WE Charity has established a small number of sub-entities to fulfill donor wishes or operational ease for allocating funds.
- Separate legal structures help to manage liability of complex programs such as global travel, retail of food etc. For example, the WE Charity Foundation was established to fulfill the Government of Canada’s request to assume the liability for up to 40,000 youth participants and not-for-profits during a global health pandemic.

What is complex is often misunderstood, and that has been exploited by some for political purposes. In fact, proper systems of governance and oversight are outlined [HERE](#). Nonetheless, Korn Ferry is conducting a review to streamline operations.

Proven Impact

We strongly object to Charity Intelligence’s claims that WE Charity only has a “fair” rating according to their website for “demonstrated impact.”

The information they used to make their assessment was incomplete. WE Charity acknowledges that Charity Intelligence requested additional information; however, WE Charity is unable to participate in every website’s specific review process because of limited time and resources. As a global organization, WE Charity has participated in reviews by the global leading agencies such as Mission Measurement, BCorp, Good Housekeeping Humanitarian Seal, and others. Our impact is clear:

- WE Charity Canadian Impacts
 - Canadian students active in 7,000 WE Schools
 - 1M+ youth attended WE Days logging 70M hours by youth to earn entry
 - Youth fundraising for 3000+ causes
- WE Charity Global Impact
 - 1500 schools and schoolrooms, with 200,000 children attending
 - 30,000 women led groups
 - 1 million people access to clean water
- ME to WE Social Enterprise
 - BCorp ranked in the top 5% of Canada
 - Fairtrade certified supply chain

Presence in Quebec

WE Charity has a significant presence in Quebec, operating WE Schools programs across the province and holding a number of WE Day events, and to say otherwise is incorrect. Specifically, in 2018/2019 academic year in Quebec WE Charity engaged:

- 400 school and academic partners with 948 educators
- 115,000 youth engaged
- Presence in almost all administrative regions
- WE Days (Journée UNIS) hosting 11 Quebec events since 2010

WE Charity can confirm that it hired the PR firm National, as it hired PR firms in English Canada. WE Charity would have administered the CSSG program in Quebec with success, on-par with English Canada.

Clarification regarding statements by Mr. Fortin

Mr. Fortin made a series of inaccurate statements regarding ME to WE Social Enterprise that we wish to correct the public record:

- Over the years WE Charity has purchased services from ME to WE Social Enterprise to help the charity uniquely fulfill its mission. Contrary to his statement, all purchases are transparently shown on the publicly available audited financial statements [\(HERE\)](#).
- ME to WE Social Enterprise trips and Fairtrade products have been purchased by hundreds of thousands of individuals, and it is incorrect to state that WE Charity is the only client

Clarification regarding statements by Mr. Poilievre

Mr. Poilievre made a series of inaccurate statements regarding WE Charity, and we wish to correct the public record:

- It is not correct that ME to WE Social Enterprise was a party to the CSSG agreement.
- It is not correct that any for-profit entity was a party to the CSSG contribution agreement.
- It is not correct that Craig Kielburger and Marc Kielburger could have personally financially benefited from the CSSG contribution agreement, and they are not paid by any entity that was party to the CSSG.
- The CSSG contribution agreement reimbursed only eligible expenses. There was no opportunity for financial benefit in excess of simply cost-reimbursement to deliver the program

WE Charity incurred expenses of approximately five million dollars to build and launch the systems to deliver the CSSG. WE Charity has elected to waive its right to repayment for eligible expenditures. As per the contribution agreement, WE Charity could not financially benefit from delivering the CSSG. WE Charity's only purpose in the CSSG was to assist Canadian youth during the pandemic.

We trust that this statement clarifies and corrects the many misstatements made before the committee today. Thank you for taking the time to review this information.