For Immediate Release

WE Charity Response to Finance Committee Hearing
July 22

Toronto (July 22) – Today’s session of the House Standing Committee on Finance reaffirmed that there are several inaccurate statements circulating regarding WE Charity and the CSSG. Many of these claims arose in testimony given today by Jesse Brown of Canadaland and Vivian Krause, an anti-environmentalist and critic of the non-profit sector whose theories have been thoroughly debunked in the past.

In the interest of public transparency and accuracy, WE Charity seeks to correct the record on the most egregious statements and address several mistruths.

False Claim that WE is “part of the Liberal Party election machine” or shared its database with third-parties

- WE Charity has never shared its database with any political party or corporate group
- WE Schools has received funding from provincial governments represented by every major political party.
- Prime Minister Justin Trudeau spoke at 6 out of 137 WE Days. Prime Minister Stephen Harper was invited while in office. When hosted in their regions, Premiers and Mayors from every political party have welcomed WE events.

False Claim that the CSSG contribution agreement was made with WE Charity Foundation, “a real estate holding company”

- WE Charity Foundation does not hold, nor has it ever held real estate. In fact, it is a legal entity that never previously operated nor held any funds for any purpose, and was created in part to manage legal liability. The use of multiple corporate entities to isolate liabilities for particular projects is not uncommon.
- As per the contribution agreement, the Government of Canada outlined that WE would indemnify the government of Canada from all losses related to the participation of the first 40,000 students as well as the Non-Profit Partners who were engaging those students. WE Charity was therefore assuming significant possible legal liability for the program, especially considering the service work would be done during a global health pandemic. Such liability could overwhelm WE Charity, and counsel advised that the contracting party would preferably be “WE Charity Foundation”.
- The WE Charity Board of Directors is structured to provide governance and legal oversight over the WE Charity Foundation. (see HERE for WE Charity North American Board membership).

False Claim that WE Charity inappropriately owns real estate.
• WE Charity is fortunate to own its own offices located near Moss Park and Regent Park in Toronto. Similar to the YMCA, MaRS, World Vision, universities etc., owning real estate assists with program delivery, and supports financial security and efficiency.

• WE Charity’s mandate is to undertake both international development and domestic youth programs. WE Charity’s main real estate assets (amounting to $30 million) are its headquarters, the WE Global Learning Centre. This Centre is designed to welcome in-person school groups and it hosts broadcast facilities, digital classrooms, and two production studios to broadcast content to 18,000 schools.

• WE Charity and affiliated groups acquired real estate in one block near Moss Park in Toronto to establish a “Campus for Good” (see here) providing free space for not-for-profits and social enterprise to incubate their mission. The vision was to be similar to organizations like MaRS, with co-working space and service for social good, but aimed at young social entrepreneurs. Unfortunately, this project is currently on-pause due to COVID-19.

**False Claim that WE Charity was in a financial crisis prior to the CSSG**

• It is inaccurate to portray the matter of bank covenants as a significant matter. WE Charity has mortgages, and one of the covenants of the mortgage provisions is that WE Charity generates positive EBITDA to cover 1.3 times the mortgage payments in the fiscal year.

• In 2017, WE Charity shifted its fiscal year from Jan-Dec, to instead Sept-Aug to align with the academic year on which the organization operates. This resulted in a shortened fiscal year during which, naturally, WE Charity made less revenue than it would than over a full 12-month fiscal year. This shifted when donations were “recognized”. This is an accounting principle “on paper only” and the charity lender recognized the situation and willingly waived the respective requirements without any issue or concern on their part.

• WE Charity operates with 8 months of operating cashflow in cash and investments. There is no difficulty with WE Charity credit. It is inaccurate to link any of these matters to the CSSG process or as justification for why WE Charity assisted in the delivery of the program. As previously noted, through the CSSG contribution agreement WE Charity would only be reimbursed for expenses to deliver the CSSG.

**False Claim: ME to WE Social Enterprise is inappropriate**

• Auditors show an average of 90% of profits from ME to WE Social Enterprise over the last five years were donated to WE Charity, with the balance reinvested to grow the social enterprise and its mission. To be clear, since its founding in 2008, all profits from ME to WE Social Enterprise have either been donated to WE Charity or reinvested to grow the social enterprise and its mission. (see here)

• When WE Charity purchases goods from the social enterprise—mostly hosting trips for youth on scholarships and hosting charity donors – there are clear internal controls and approvals by auditors. See HERE.

• In order to ensure full transparency, the Honourable Stephen T. Goudge conducted a 2019 review of ME to WE, including the salaries of its co-founders Craig Kielburger and Marc Kielburger. His findings are publicly available HERE.
False Claim: Kielburger family real estate benefiting from WE Charity

- Fred and Theresa Kielburger (parents of WE’s co-founders) are successful real estate investors. All real estate interchanges have clearly benefited the charity.
- Fred and Theresa Kielburger provided WE Charity rent free use of 233 Carlton St. and 231 Carlton St., at an estimated in-kind value of $5.3 million over 10+ years (according to Sotheby’s). Fred and Theresa Kielburger declined every year to take a tax receipt for their generous contribution, even though they could have done so. Their generosity has been certified by the WE Charity Board of Directors members and subject to independent review, including by Justice Stephen Goudge. [LINK]

*Kate Bahen, lead of Charity Intelligence, was referenced at multiple times during the testimony. She has made multiple inaccurate statements to media over the over the past two weeks. Please see HERE for an open letter correcting the public record.

For more information:
PR@we.org