



November 22, 2013

We would like to clarify comments made in the Nov. 14, 2013 Association of Fundraising Professionals supplement to *The Globe and Mail*.

The statements suggesting our transactions had a CRA "advanced tax ruling stamp of approval" and that all of our financings are governed by CRA advance tax rulings could be misconstrued.

As the industry leader in flow through donation financings, PearTree has worked hard to satisfy CRA that our transactions are compliant with all tax laws – and we strive to ensure all our transactions (even those for which no advance tax ruling was sought) are consistent with these rulings and technical interpretations and do not defer, circumvent or avoid any tax that would otherwise be payable. However, it is inappropriate to suggest that an advance tax ruling constitutes a "stamp of approval".

We have sought and obtained several advance tax rulings and three technical interpretations, which explain the application and consequences of certain provisions of the Income Tax Act to our transactions. We will continue to work with CRA to ensure our transactions are technically correct and compliant, and we will seek additional rulings if, as and when the need arises. We will continue to work with clients, advisors and charities to explain the details of our transactions, and to assist them in achieving their philanthropic goals.