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Bad boys of charity waste your money

Few cents from dollar reach needy as fundraisers take most of the offerings

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Most of your money was wasted if you donated to the following charities:

Canadian Association of the Blind. Garden of Missing Children. Child CyberSearch. National Society for Abused Women and Children. A Child's Voice Foundation. Aladdin Children's Charity. National Children's Burn Society. Glaucoma and Vision Impairment Society.

In a few short years, these eight federally licensed charities have used emotion-packed pitches to take \$10 million from a generous, unsuspecting public. Of that, \$8.2 million was spent on fundraising and administration. Just \$1.8 million (18 per cent) was left for charitable works, and even that number is in question.

These are a few of the bad boys of Canadian charity. They're among about 12,000 that routinely spend more on fundraising, office and other expenses than on charitable works. Some have bad intentions, others are simply bad at carrying out good work. Regardless, they take the public's money and give little in return.

On average, for the eight examples listed above, about 18 cents of every dollar donated by an unsuspecting public was put to good works. Some devoted less than one cent of each dollar to the cause they were supposed to support.

The Canadian Association of the Blind is one of the villains of the Canadian charity scene.

In a recent three-year period, its door-to-door canvassers and telemarketers hauled in \$1.5 million of donor money. They also have been seen set up in grocery stores and malls. But how much of that \$1.5 million went to charity? Just \$10,912 — less than one cent on the dollar.

It started in 1998 with a vow to "provide for blind people the technological products of which (sic) will restore their vision," according to the charity's application to federal authorities. Canada Customs and Revenue's charities directorate registered it in seven weeks.

Since that time, the Canadian Association of the Blind has aggressively raised money. Most of it stays with a private company that specializes in fundraising. For example, one campaign brought in \$689,000 and the fundraiser's cut was \$613,000. That means 89 cents on the dollar went to the collecting firm. Most of the remainder paid expenses at the charity, such as rent and wages, with a small amount left for good works.

Don Atkinson, of Liverpool, N.S., runs the charity. He did not respond to several calls.

Atkinson's charity is part of a phenomenon known as "sound-alike charities."

The well-respected Canadian National Institute for the Blind (CNIB) believes that canvassers working for the Canadian Association of the Blind have passed themselves off as the CNIB.

The federal charities directorate agrees.

One year ago, the directorate revoked the charitable registration of Atkinson's group, after determining "the primary activity of the Canadian Association of the Blind was canvassing donors." Atkinson has appealed that ruling, a legal move that has kept his charity going, at least until a panel of three judges decides the matter next month.

The Canadian Association of the Blind will argue that it "has devoted all of its resources to charitable activities," according to documents it filed as part of the appeal.

The revenue department alleges, in court documents, that a fundraising company was instrumental in getting the association registered as a charity, hinting at what many in Canada's charitable sector have long suspected: Some charities begin as a profit-driven fundraising device, not a desire to help others.

The CNIB, which offers a wide range of services and programs across Canada, devotes about 71 per cent of its annual expenditure to charitable works, according to the most recent data (1999) available from the federal government.

Charity watchdog groups suggest a charity should devote at least 60 per cent of its annual expenditure to good works, leaving the rest for fundraising and administration.

The Canadian Association of the Blind is still out there collecting. They are going door to door in Toronto this week.

There are 79,000 charities in Canada, with about 1,000 added each year. It takes one month, on average, to be registered. With that sort of volume and just 35 federal "examiners" reviewing applications, there is relatively little checking at all.

Some bad charities begin operation with an aggressive fundraising campaign, by a for-profit company, but with no clear purpose for the money. Good charities start the other way around — with a well-defined need to fill, a lot of volunteer work, followed by efforts to raise money.

Carl Juneau, of the federal charities directorate, says his staff tries its best to root out agencies he terms "predatory fundraisers."

"I don't like bogus charities," said Juneau. "If I am going to give to charity, I want the money to go to the charity, not the fundraiser."

He recommends that donors check out a charity by calling it, visiting it or even volunteering with it before making a contribution.

Charities giving little in return for the dollar typically have what a judge, in a case involving the National Society for Abused Women and Children, referred to as a "high sounding name." The National Society collected \$904,987 in donations by claiming the money would go to domestic

violence shelters. It devoted just \$1,375 to charitable work and was shut down by an Ontario court earlier this year.

Child CyberSearch, of Ottawa, and the Garden of Missing Children, in Nine Mile River, N.S., are two charities set up to help find missing children by raising money. But these agencies give the donor a low return for the dollar.

Child CyberSearch took in \$1.8 million over a recent three-year period, and only \$321,320 (18 per cent) went toward the missing children program. It operates a Web site with missing children's pictures.

Kirk Sherwood, executive director of Child CyberSearch, acknowledges problems in his charity, adding, "We have tried to clean up our act" by bringing fundraising in-house. He says he has been threatened by a fundraising company that wants to charge an 80 per cent commission on each dollar raised. "We've been told if we don't use them, they will shut us down."

Garden of Missing Children states it put \$289,620 toward charitable programs over a three-year period. But how much went to fundraising and administration costs? \$1.3 million. Though based on the East Coast, it aggressively canvasses in Ontario, often at Loblaws stores.

George Parker, whose company, Courtesy Call, raises money for the Garden, Canadian Association of the Blind and about five other charities, said firms like his work very hard and deserve to be paid.

"We give our charities a guaranteed income in their bank account," said Parker. "I am not getting rich. I live in a trailer. It's a very nice trailer, mind you."

In Canada, investigative reports on charities are kept secret, unlike in the U.S.

Linda Davis, executive director of Garden of Missing Children, would not answer questions about her charity's finances, saying her lawyer advised her against speaking to the media. She maintains she performs a valuable service for parents of missing children. "We don't charge for our service. I answer the phone 24 hours a day, seven days a week. We help find missing children in Canada, U.S. and Hawaii."

Both Davis and Sherwood used to work for another missing children agency but left to form their own charities.

Both of these organizations say they are active in locating missing children. Both operate Web sites that have pictures of missing children. In Garden's case, Davis also puts the tag "angels in paradise" beside photos of dead children previously reported missing.

There are many missing child charities in Canada. Only a few are recognized by the RCMP's missing children investigation department. CyberSearch and Garden are not. An RCMP spokesperson said they do not meet the necessary criteria, which call for reference letters from three police departments; a three-year history as a non-profit agency and a mission plan satisfactory to the Mounties. Both charities say they are in the midst of applying for RCMP recognition.

Another problematic charity is A Child's Voice Foundation, which states it provides medication and gifts for sick and needy children.

Executive director Roslyn Yearwood appears well-meaning, but her charity's financial statements show a bad track record.

In the last three years, Child's Voice spent \$285,175 of public donations on fundraising and administration, and spent just \$87,801 on charitable works (24 cents on the dollar). Despite this, the charity claims on its Web site that "all contributions are being used for what they are intended: the children."

"It made me sick to see the fundraiser getting most of the money. We signed a contract saying 75 per cent of the money goes to the fundraiser," said Yearwood. "Most people they called were elderly, they had no idea how much money went to charity. We felt that 25 per cent is better than nothing at all, I guess."

Yearwood said she is now using a volunteer to canvass for donors. Recalling when she applied to become a charity, in 1995, Yearwood said it was very easy to get registered. "Nobody from Revenue Canada came and asked any questions. I wish they had. We wouldn't have made so many mistakes," she said.

Yearwood notes that her charity has helped children. She said they have an arrangement with a wigmaker who fits children who have lost their hair due to cancer treatment.

Her charity has sent a clown to visit a sick girl confined to her home, purchased a crib for a baby sleeping in a hammock and paid to send a child dying of a brain tumour to Marineland in Niagara Falls. The child died before the trip and the money was given to the mother to purchase a headstone for her daughter's grave.

Two other charities that fall below the mark are the National Children's Burn Society and Aladdin Children's Charities. Both are run out of the same dark warren of basement offices on Danforth Ave., near Woodbine Ave. One is run by Tom Reid Sr.; the other by his son, Tom Reid Jr.

They are very active in the fundraising department. Aladdin took in \$2.1 million in a three-year period and gave \$692,290 to charity (32 per cent). National Children's Burn Society took in \$1 million in a three-year period and gave \$319,222 (31 per cent) to charity.

But figuring out what constitutes charitable works is tricky. For starters, each charity makes donations to the other and calls that charitable works. Aladdin gave National \$160,545 in 1998. National gave Aladdin \$71,400 in 2000.

Both charities also claim to be distributing fire safety videos and children's entertainment videos to day cares and hospitals, but it is impossible to tell if they donated the value claimed on their tax returns.

And neither charity is welcome in Alberta, where regulators performed a three-month investigation in 1999 and concluded these agencies failed to meet standards in that province. Regulators said canvassers may have been paying themselves from cash donations at the door and not properly accounting for this money.

Tom Reid Sr. told the Star he had problems in Alberta but was trying to correct them. He said he considered it his "hobby" to be involved in children's charities. Aladdin claims to grant wishes to sick children while National Children's Burn Society states it teaches fire safety to youngsters.

"It's a social thing for me. Some people golf. I don't golf. This is my hobby," Reid said in an interview earlier this year. His son was unavailable for comment.

Recently, The Star tried to interview Tom Reid Sr. again, but he hung up the telephone during questioning.

In an attempt to reach other people from his charities, the Star called telephone numbers listed on his Web site for "volunteer co-ordinators" in five cities. All numbers were out of service.

His charities are still out there collecting.

Another sound-alike charity is the Glaucoma and Vision Impairment Society of Canada. It is run by Elnor Walsh, of Brampton, whose husband has glaucoma. Just 10 per cent of \$622,191 in donor dollars went to charity in a recent three-year period.

Walsh's charitable works consisted of visiting the occasional school to lecture on the importance of eye safety.

"A lot of kids are not aware of eye safety. For example, I tell them not to throw snowballs at the eye. If you are mowing the lawn, wear safety glasses," she said.

Walsh laments the weaknesses of her charity but, at the same time, makes no move to shut it down. Federal officials have warned her to devote more resources to charitable work, but she says the fundraisers she uses run the show. Most of the money raised goes to them. She has not filed financial returns for two years because, she says, she has no money to pay the accountants.

"I know, I know," said Walsh. "I am feeding the fundraisers. I exist for them to survive." She has until Nov. 21 to file returns, tax officials have told her.

In contrast to her agency, the respected Glaucoma Research Society of Canada devotes 93 cents on the donor dollar to charity.

With 79,000 charities in Canada vying for donor attention, there is no easy way to know which charity gives the most bang for the buck and which charity is taking your dollar and giving little or nothing in return.

In both England and the United States, government regulators and private watchdog groups keep a close tab on charities. Their reports are public.

In Canada, where Canada Customs and Revenue and provincial authorities keep most investigations into charities secret, there is no practical way to determine whether a particular charity is a good place to donate money.

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