



COPY

2006

BY REGISTERED MAIL

African Foundation for Development Canada
140 Adanac Drive, Unit 1115
Toronto, Ontario M1M 2E8

Attention: Mr. Immanuel Akrofie-Bruce

BN: 864779806 RR 0001
File #: 3025779

**SUBJECT: Notice of Intention to Revoke
African Foundation For Development Canada**

Dear Mr. Akrofie-Bruce:

I refer to our letters dated December 6, 2005, February 2, 2006 and March 13, 2006 (copies attached) in which you were informed that the African Foundation For Development Canada (hereinafter, the "Foundation"), had been selected for audit by the Canada Revenue Agency (hereinafter, "CRA"), and was requested to contact the auditor within a given period of time to arrange a meeting for a review of the books and records. When the auditor did not receive a response to the initial contact letter of December 6, 2005 or with messages left with the Foundation and with the respective directors, the subsequent letters of February 2, 2006 and March 13, 2006 were sent and had advised that a continued lack of a response would result in the CRA proceeding with revocation of the registration of the Foundation in accordance with subsection 168(1) of the *Income Tax Act* (hereinafter, the "Act"). The auditor received no further response. The log of contacts has been reproduced in Appendix "A" attached.

Conclusion

Section 231.1 of the Act permits the CRA to inspect, audit or examine the books and records for the purposes of administration or enforcement of the Act. Without evidence to indicate otherwise, it is our position that the Foundation's books and records have not been maintained in accordance with subsection 230(2) of the Act which states that a registered charity must keep adequate books and records at a Canadian address it has on file with us, so that we can verify official donation receipts issued, as well as its revenues and expenditures. A charity must also keep source documents that support the information in the records and books of account.

.../2

I have concluded that the African Foundation For Development Canada does not meet the requirements of a charitable organization under subsection 149.1(1) of the Act.

Consequently, I wish to advise you that for the reasons outlined above and in our letter dated March 13, 2006 and pursuant to the authority granted to the Minister in subsection 168(1) of the Act, and delegated me, I propose to revoke the registration of the Foundation. By virtue of subsection 168(2) of the Act, the revocation will be effective on the date of publication in the *Canada Gazette* of the following notice:

Notice is hereby given, pursuant to paragraphs 168(1)(b) and 168(1)(e) of the Income Tax Act, that I propose to revoke the registration of the organization listed below and that the revocation of registration is effective on the date of publication of this notice.

File Number	Business Number	Name
3025779	86477 9806 RR 0001	African Foundation For Development Canada Toronto, Ontario

Should you wish to appeal this notice of intention to revoke the charity's registration in accordance with subsection 168(4) of the Act, you are advised to file a Notice of Objection within 90 days from the mailing of this letter. This notice is a written statement that sets out the reasons for the objection and all the relevant facts. The Notice of Objection should be sent to:

Tax and Charities Appeals Directorate
Appeals Branch
Canada Revenue Agency
25 Nicholas Street
Ottawa, ON K1A 0L5

Consequences of a Revocation

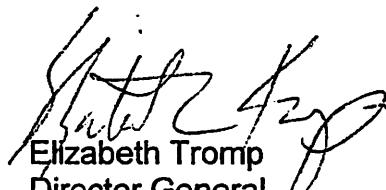
As of the date of revocation of the registration of African Foundation for Development Canada, which is the date upon which the above-noted notice is published in the *Canada Gazette*, African Foundation for Development Canada will no longer be exempt from Part I Tax as a registered charity and **will no longer be permitted to issue official donation receipts**.

Additionally, by virtue of section 188 of the Act, African Foundation for Development Canada, will be required to pay a tax within one year from the date of the Notice of Intention to Revoke the Charity's registration. This revocation tax is calculated on prescribed form T-2046 "Tax Return Where Registration of a Charity is

Revoked". The return must be filed and the tax must be paid on or before the day that is one year from the date of the Notice of Intention to Revoke a Charity's Registration. For your reference, I have attached a copy of the relevant provisions of the Act (Appendix "A") concerning revocation of registration and the tax applicable to revoked charities as well as appeals against revocation. Form T-2046, along with the related Guide RC-4424, "*Completing the Tax Return Where Registration of a Charity is Revoked*", are also attached for your information.

Furthermore, I wish to advise you that pursuant to subsection 150(1) of the Act, a return of income for each taxation year in the case of a corporation (other than a corporation that was a registered charity throughout the year) shall without notice or demand therefore, be filed with the Minister in prescribed form containing prescribed information.

Yours sincerely,



Elizabeth Tromp
Director General
Charities Directorate

Enclosures

- Our Administrative Fairness Letter dated March 13, 2006;
- Our letters dated February 2, 2006 and December 6, 2005;
- Appendix "A, Log of Contacts;
- Appendix "B", Relevant Provisions of the *Income Tax Act*;
- Form T-2046, *Tax Return Where Registration of a Charity is Revoked*
- Guide RC-442, *Completing the Tax Return Where Registration of a Charity is Revoked*



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

AK

BY REGISTERED MAIL

MR. IMMANUEL AKROFIE-BRUCE
DIRECTOR
AFRICAN FOUNDATION FOR DEVELOPMENT CANADA
140 ADANAC DRIVE, UNIT 1115
TORONTO ON M1M 2E8.

Your file / Votre référence

Our file / Notre référence
443-2-5

March 13, 2006

Dear Mr. Akrofie-Bruce:

Re: Registered Charity Audit – African Foundation For Development Canada.

This letter is further to our letters of December 6, 2005 and February 2, 2006 regarding an audit of the books and records of African Foundation For Development Canada (“Foundation”), which was supposed to be conducted by a representative of the Canada Revenue Agency (“CRA”). The audit related to the operations of the organization for its fiscal year ending December 31, 2004.

As noted above, the Foundation has failed to respond to the requests to inspect by CRA. This is in contravention of certain provisions of the *Income Tax Act* (the “*Act*”) and its Regulations. In order for a registered charity to retain its registration, it is required to comply with the provisions of the *Act* applicable to registered charities. If a particular registered charity does not comply with these provisions, the Minister may revoke that charity’s registration in the manner described in subsection 168 of the *Act*.

The balance of this letter describes how the CRA considered that the Foundation contravened the *Act*.

Official Donation Receipts

The law provides various requirements with respect to the issuing of official donation receipts by registered charities. These requirements are contained in Regulations 3500 and 3501 of the *Act* and are described in some detail in Interpretation Bulletin IT-110R3 entitled “Gifts and Official Donation Receipts”.

The Foundation failed to respond to audit requests from CRA. Therefore CRA was not able to verify that the requirements of Regulations 3500 and 3501 of the *Act* were met by the Foundation.

Canada

Under paragraph 168(1)(d) of the *Act*, the Minister may, by registered mail, give notice to the registered charity that he proposes to revoke its registration because it issues a receipt otherwise than in accordance with the *Act* and the Regulations.

Books and Records

Subsection 230(2) of the *Act* requires every registered charity to keep records and books of account at an address in Canada as recorded with the Minister. These records and books of account shall contain information in such form as will enable the Minister to determine whether there are any grounds for the revocation of the charity's registration in accordance with the *Act*, a duplicate of each receipt containing prescribed information for a donation received by it and other information in such form as will enable the Minister to verify the donations to it for which a deduction or tax credit is available under the *Act*.

The purpose of this requirement is to enable the charity to accurately provide CRA with the information required by the *Act* as well as enable CRA to verify the accuracy of reported information through the conducting of audits.

In addition, subsection 230 also states "every person required by this section to keep books of account shall retain the records and books of account referred to in this section in respect of which a period is prescribed, together with every account and voucher necessary to verify the information contained therein, for such period as is prescribed and all other records and books of account referred to in this section, together with every account and voucher necessary to verify the information contained therein, until the expiration of six years from the date of the last taxation year to which the records and books relate."

The Foundation failed to respond to audit requests from CRA.

CRA was not able to verify the accuracy of information the foundation reported in its T3010 information return and financial statements because we were not able to review the books and records of the Foundation.

Pursuant to paragraph 168(1)(e) of the *Act*, the Minister may, by registered mail, give notice to the registered charity that he proposes to revoke its registration if it fails to comply with or contravenes section 230 of the *Act* dealing with books and records.

Conclusion

For each of the reasons indicated above, it appears that there are grounds to revoke African Foundation for Development Canada as a registered charity. The consequences to a registered charity of losing its registration include:

- i. The loss of its tax exempt status as a registered charity which means that the charity would become a taxable entity under Part I of the *Income Tax Act* unless, in the opinion of the

Director of the applicable Tax Services Office, it qualifies as a non-profit organisation as described in paragraph 149(1)(l) of the *Act*;

- ii. Loss of the right to issue official donation receipts for income tax purposes which means that gifts made to the charity would not be allowable as a tax credit to individual donors as provided at subsection 118.1(3) of the *Act* or as a deduction allowable to corporate donors under paragraph 110.1(1)(a) of the *Act*; and
- iii. The possibility of a tax payable under Part V, subsection 188(1) of the *Act*.

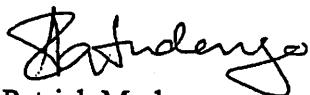
For your reference, we have attached a copy of the relevant provisions of the *Act* concerning revocation of registration and the tax applicable to revoked charities as well as appeals against revocation.

If you do not agree with the facts outlined above, or if you wish to present any reasons why the Minister should not revoke the registration of African Foundation for Development Canada in accordance with subsection 168(2) of the *Act*, you are invited to submit your representations, within 30 days from the date of this letter. Subsequent to this date, the Director of the Charities will decide whether or not to proceed with the issuance of a notice of intention to revoke registration of Am Echad Congregation in the manner described in section 168(1) of the *Act*.

If you appoint a third party to represent you in this matter, please send us a written authorization naming that individual and explicitly authorizing that individual to discuss the organization's file with us.

Should you have questions regarding these matters, I may be contacted at (416) 410-9842 or write to the address below.

Yours truly,



Patrick Mudenyo
Verification and Enforcement Division

Tax Services Office: 13 - Toronto Centre

Telephone: 416 - 410-9842
Facsimile: 416 - 954-6015
Address: 1 Front Street West, Suite 100
Toronto, ON M5J 2X6
Internet: www.cra.gc.ca



Canada Customs
and Revenue Agency

Agence des douanères
et du revenu du Canada

BY REGISTERED MAIL

MR. IMMANUEL AKROFIE-BRUCE
DIRECTOR
AFRICAN FOUNDATION FOR DEVELOPMENT CANADA
(AFFD CANADA)
140 ADANAC DRIVE, UNIT 1115
TORONTO ON M1M 2E8.

Your file / Votre référence

Our file / Notre référence
443-2-5

February 2, 2006

Dear Mr. Akrofie-Bruce:

Re: Audit of Registered Charity Information for the year ending December 31, 2004
Business Number 864779806RR001.

This letter is further to my letter of December 6, 2005 and voicemail messages left at (416) 264-6550, to which we have not received any response from you. I wish to confirm that African Foundation for Development Canada has been selected for an audit.

The audit is regards to the operations of the Foundation for its fiscal year ending December 31, 2004. The audit will include will also require a personal interview of the officers of the charity and a review of books and records of the Foundation.

In order to expedite the audit, we ask that the documentation listed below be made available at the commencement of the audit:

1. The Foundation's books and records (including general ledger, cash receipts/disbursements journals, bank statements, cancelled cheques, deposit books, all adjusting journal entries and reconciliation) for the year ending December 31, 2004.
2. For cash gifts, a listing of donation receipts issued in the format (receipt #, donor, and amount) for the year ending December 31, 2004 with the total reconciled to the financial statements, the Information Returns (Line 4500 of the T3010A) and the bank deposits. We also need a listing of major donors as well as copies of all duplicate donation receipts issued for cash gifts.
3. For gifts of artwork and/or gifts in kind, a listing of donation receipts issued for the year ending December 31, 2004), providing a description of the gift, name and address of appraiser of the property (if an appraisal of the property was completed). If an appraisal of the property was not completed, please provide details as to how the fair market value of the gift was determined. We

Canada

also need copies of all duplicate donation receipts issued by the Charity for gifts of artwork.

4. Reconciliation of the accounts to Line 5100 (Total expenditures) of the T3010A Information Return by providing a detailed breakdown of each of the expenditure reported by the Foundation in carrying out its non charitable activities (administration) and charitable activities.
5. In addition to the above reconciliation of expenditures we also need source documents in the form of copies of contracts, invoices, and cancelled cheques supporting the following expenditures for the above fiscal period:
 - a. Fund-Raising
 - b. Gifts to Qualified Donees
 - c. Management and General Administration.
6. Details of the Foundation's activities supported by copies of brochures, pamphlets, publications, membership and fundraising correspondence, newsletters, press releases, media-related materials, and other related literature.
7. Include copies of governing documents (Note: if there has been any changes to the governing documents, then provide the authorizing document)
8. Current listing of Directors, positions within the organization, occupation, social insurance number and address. We also require copies of all minutes of board meetings to date.
9. Details of all asset additions for the above fiscal period including copies of contracts, invoices, and cancelled cheques.
10. Names of any associated charities and/or agency agreements with organizations and/or individuals outside of Canada, if applicable.

Copies of the above requested documentation should be made available at the commencement of the audit.

Please note that the above list is not exhaustive, therefore additional books and records may be requested at the time of the review.

Please have someone available to answer questions during the meeting regarding the books and records.

Please call the undersigned at (416) 410-9842 to set up a mutually agreeable time to begin the audit before **Friday February 24, 2006**.

If we do not hear from you by **that date**, you will be considered to have breached the requirements of the Income Tax Act by failure to provide us with your books and records.

As a result, we may revoke the registration of the charity, resulting in the loss of its tax exempt status as a registered charity, the loss of the right to issue official donation receipts for income tax purposes and the possibility of a tax payable under Part V, subsection 188(1) of the Act.

Yours truly,



Patrick Mudenyo
Verification and Enforcement Division

Tax Services Office: 13 - Toronto Centre

Telephone: 416-410-9842
Facsimile: 416-954-6015
Address: 1 Front Street West, Suite 100
Toronto, ON M5J 2X6
Internet: www.cra.gc.ca



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

December 6, 2005

THE PRESIDENT
AFRICA FOUNDATION FOR DEVELOPMENT CANADA
1115 – 140 ADANAC DRIVE
TORONTO ON M1M 2E8.

Your file / Votre référence

Our file / Notre référence

Attention: Mr. Immanuel Akrofie-Bruce

Dear Ms. Akrofie-Bruce:

**Re: Audit of African Foundation for Development for the 2004 Fiscal year -
Business Number: 864779806 RR0001**

Further to voice messages left at the voice mail of African Foundation for Development Canada and at your home, this is to inform you that your organization as a registered charity has been selected for an audit.

Attached is a list of information/documents required for the audit.

Please be advised that additional information not included on the list, may also be requested during the review.

Also attached is a pamphlet "Auditing Charities" to give you information on why and how the Canada Revenue Agency audits charities.

Please call me at (416) 410-9842 to set up a mutually agreeable time for me to begin the audit.

Yours truly,

Patrick Mudenyo
Verification and Enforcement Division
Toronto Centre Tax Services Office
Telephone: 416 - 410-9842
Facsimile: 416 - 954-6015
Address: 1 Front Street West, Suite 100
Toronto, ON M5J 2X6
Internet: www.cra.gc.ca
Enclosures

Canada