



Canada Revenue
Agency

Agence du revenu
du Canada

REGISTERED MAIL

Gateway City Church
PO Box 31023 RPO Westney Heights
Ajax ON L1T 3V2

Attention: Mr. Roger Gushway

BN: 87267 0567

File #: 3003750

May 21, 2013

Subject: Revocation of Registration
Gateway City Church

Dear Sir:

The purpose of this letter is to inform you that a notice revoking the registration of Gateway City Church (the Organization) was published in the *Canada Gazette* on May 18, 2013. Effective on that date, the Organization ceased to be a registered charity.

Consequences of Revocation:

- a) The Organization is no longer exempt from Part I tax as a registered charity and **is no longer permitted to issue official donation receipts**. This means that gifts made to the Organization are no longer allowable as tax credits to individual donors or as allowable deductions to corporate donors under subsection 118.1(3), or paragraph 110.1(1)(a), of the *Income Tax Act*, respectively.
- b) By virtue of section 188 of the Act, the Organization will be required to pay a tax within one year from the date of the Notice of Intention to Revoke. This revocation tax is calculated on prescribed form T-2046, *Tax Return Where Registration of a Charity is Revoked* (the Return). The Return must be filed, and the tax paid, on or before the day that is one year from the date of the Notice of Intention to Revoke. A copy of the Return is enclosed. The related Guide RC-4424, *Completing the Tax Return Where Registration of a Charity is Revoked*, is available on our website at www.cra-arc.gc.ca/E/pub/tg/rc4424.

Section 188(2) of the Act stipulates that a person (other than a qualified donee) who receives an amount from the Organization is jointly and severally liable with the Organization for the tax payable under section 188 of the Act by the Organization.

- c) The Organization no longer qualifies as a charity for purposes of subsection 123(1) of the *Excise Tax Act* (ETA). As a result, the Organization may be subject to obligations and entitlements under the ETA that apply to organizations other than charities. If you have any questions about your GST/HST obligations and entitlements, please call GST/HST Rulings at 1-888-830-7747 (Quebec) or 1-800-959-8287 (rest of Canada).

In accordance with *Income Tax Regulation* 5800, the Organization is required to retain its books and records, including duplicate official donation receipts, for a minimum of two years after the Organization's effective date of revocation.

Finally, we wish to advise that subsection 150(1) of the Act requires that every corporation (other than a corporation that was a registered charity throughout the year) file a *Return of Income* with the Minister of National Revenue (the Minister) in the prescribed form, containing prescribed information, for each taxation year. The *Return of Income* must be filed without notice or demand.

If you have any questions or require further information or clarification, please do not hesitate to contact the undersigned at the numbers indicated below.

Yours sincerely,



Danie Huppé-Cranford
Director
Compliance Division
Charities Directorate
Telephone: 613-957-8682
Toll free: 1-800-267-2384

Enclosures

- Copy of the Return (form T-2046)
- Canada Gazette publication

c.c.:



Mr. Roger Gushway





Canada Revenue
Agency

Agence du revenu
du Canada

MAR 23 2013

REGISTERED MAIL

Gateway City Church
P.O. Box 31023 RPO Westney Heights
Ajax ON L1T 3V2

BN: 872670567RR0001
File #: 3003750

Attention: Mr. Roger Gushway

**Subject: Notice of Intention to Revoke
 Gateway City Church**

Dear Mr. Gushway:

I am writing further to our letter dated July 16, 2012 (copy enclosed), in which you were invited to submit representations as to why the registration of Gateway City Church (the Organization) should not be revoked in accordance with subsection 168(1) of the *Income Tax Act*.

We have now reviewed and considered your written response dated September 1, 2012. However, notwithstanding your reply, our concerns with respect to the Organization failing to maintain adequate books and records, failing to devote its resources exclusively to its own charitable activities and conferring undue personal benefits to a director have not been alleviated. The basis for our concerns is explained below.

1. Failure to maintain adequate books and records

The Organization did not maintain adequate books and records. This included, but was not limited to: books and records were not provided for the 2009 fiscal year, lack of supporting documentation to substantiate expenditures, general ledgers could not be reconciled to the bank deposits or the T3010, *Registered Charity Information Return*, and copies of official donation receipts were not maintained by the Organization.

The Organization's response states that records were accidentally thrown away as a result of moving some boxes out of storage. The Organization's hard drive also crashed containing all church files back to 1997. Some information was retrieved and provided to the auditor on a USB key. In addition, an Appendix A and D were included detailing the unsubstantiated expenditures noted by the auditor in the administrative fairness letter.

It is the Organization's obligation to ensure that books and records are maintained in sufficient detail to determine whether there are any grounds for revocation

Canada

Place de Ville, Tower A
320 Queen Street, 13th Floor R350 E (08)
Ottawa ON K1A 0L5

of its registration under the Act. Throwing away records does not mitigate the Organization's responsibilities as a registered charity. It is imperative that the Canada Revenue Agency (CRA) be able to establish whether or not the Organization has been devoting its resources exclusively to charitable purposes. The auditor reviewed the USB key which only contained one spreadsheet with limited information regarding donation income. The information was lacking any pertinent detail and could not be reconciled to any of the books and records of the Organization. A review of Appendix A and D provided by the Organization only contained an explanation of the particular expense. There was no documentary evidence to support any of the expenditures.

The Organization provided no new information that would support the charitable nature of these expenses. The Organization maintained very poor records which failed to support their activities and financial position in the audit period. For this reason, the CRA's position remains that the Organization has failed to meet the requirements of subsection 230(2) of the Act.

2. Failure to devote all of its resources to charitable activities

A registered charity must show through documented evidence and proper books and records that it undertook charitable activities in furtherance of its charitable purposes and must demonstrate that it operated in compliance with the Act at all times. In the absence of adequate books and records, the CRA is unable to confirm whether the Organization is conducting any activities and if those activities are being conducted to further the Organization's registered objects. The Organization did not provide proof of the activities purportedly undertaken to fulfill its objects. There was no documentation to support any of the expenditures reported on the information returns and no explanation was provided as to what the Organization does on a day-to-day operation.

In the Organization's response a list of activities was provided along with their corresponding cost and a few invoices. This was the only information provided to support its charitable activities.

The CRA acknowledges that the Organization may be conducting charitable programs, however the Organization is unable to provide any sort of verification that the activities described in the representations were conducted during the audit period or that they are currently being conducted. As a result, the CRA can only rely on the figures verified during the audit period, which indicate that the Organization did not maintain adequate books and records as described in subsection 230(2) of the Act. This lack of records extended to include what would be considered to be activities carried on by the Organization.

As a result, the Organization has failed to demonstrate that it meets the requirement for continued registration under 149.1(1) as a charitable organization stating that "all the resources of which are devoted to charitable activities." For this reason, there are grounds for revocation of the charitable status of the Organization under paragraph 168(1)(b) of the Act.

3. Providing a personal benefit to a director of the Organization

In order to satisfy the definition of a "charitable organization" under subsection 149.1(1) of the Act, the Organization must ensure its resources are not made available for the personal benefit of any proprietor, member, shareholder, trustee, or settlor thereof.

Our audit demonstrated a lack of due diligence regarding many of the items that can be viewed as personal expenditures. The Organization issued cheques to the Director for \$26,003.53 and ATM withdrawals of cash from the Organization's bank account totalling \$33,973.25 were made during the audit period. The Organization also incurred expenses from Blockbuster Video, Walmart, McDonalds, Cineplex, Perkins Restaurant, KFC, and numerous other businesses totalling \$11,220.95 with no proper supporting documentation for any of the amounts. It is unclear how these can be considered charitable expenditures. Per our review we were also unable to ascertain whether any of the total expenditures of \$77,524 in 2008 and \$121,813 in 2009 were devoted to charitable activities.

In your stated response you provided an explanation of these expenditures beside each of the amounts noted by the auditor. There was no additional documentation submitted to support that these amounts were spent on charitable activities.

Our position remains unchanged with regard to the issue of personal benefit. The Organization failed to provide any supporting documentation for expenses totalling \$71,197 that appear to be personal benefits provided to the Director.

It is our position that, by pursuing this non-charitable purpose, and by operating for the private gain of its member, the Organization has failed to demonstrate that it meets the requirement "no part of the income of which is payable to, or is otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settlor thereof" for continued registration as a charitable organization under subsection 149.1(1) of the Act. For this reason, there are grounds for revocation of the Organization's registered charity status under paragraph 168(1)(b) of the Act.

Conclusion:

The Canada Revenue Agency's (CRA) audit has revealed that the Organization is not complying with the requirements set out in the *Income Tax Act*. In particular, it was found that the Organization failed to maintain adequate books and records to support its reported revenue and expenditures, as well as to support its charitable activities. The Organization failed to devote its resources exclusively to its own charitable activities and was unable to demonstrate that any of its expenditures were incurred for charitable activities. The Organization was also found to be conferring undue benefits to a director.

For all of these reasons, and for each reason alone, it is the position of the CRA that the Organization no longer meets the requirements necessary for charitable registration and should be revoked in the manner described in subsection 168(1) of the Act.

Consequently, for each of the reasons mentioned in our letter dated July 16, 2012, I wish to advise you that, pursuant to subsection 168(1) of the Act, I propose to revoke the registration of the Organization. By virtue of subsection 168(2) of the Act, revocation will be effective on the date of publication of the following notice in the *Canada Gazette*:

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.

Business Number
872670567RR0001

Name
Gateway City Church
Ajax ON

Should you wish to object to this notice of intention to revoke the Organization's registration in accordance with subsection 168(4) of the Act, a written Notice of Objection, which includes the reasons for objection and all relevant facts, must be filed within **90 days** from the day this letter was mailed. The Notice of Objection should be sent to:

Tax and Charities Appeals Directorate
Appeals Branch
Canada Revenue Agency
250 Albert Street
Ottawa ON K1A 0L5

A copy of the revocation notice, described above, will be published in the *Canada Gazette* after the expiration of 30 days from the date this letter was mailed. The Organization's registration will be revoked on the date of publication, unless the Canada Revenue Agency (CRA) receives an order, **within the next 30 days**, from the Federal Court of Appeal issued under paragraph 168(2)(b) of the Act extending that period.

Please note that the Organization must obtain a stay to suspend the revocation process, notwithstanding the fact that it may have filed a Notice of Objection.

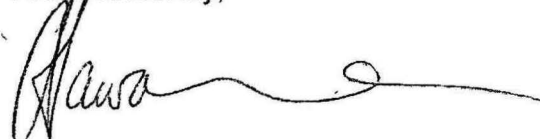
Consequences of Revocation

As of the effective date of revocation:

- a) the Organization will no longer be exempt from Part I Tax as a registered charity and **will no longer be permitted to issue official donation receipts**. This means that gifts made to the Organization would not be allowable as tax credits to individual donors or as allowable deductions to corporate donors under subsection 118.1(3), or paragraph 110.1(1)(a), of the Act, respectively;
- b) by virtue of section 188 of the Act, the Organization will be required to pay a tax within one year from the date of the Notice of Intention to Revoke. This revocation tax is calculated on prescribed form T-2046, *Tax Return Where Registration of a Charity is Revoked* (the Return). The Return must be filed, and the tax paid, on or before the day that is one year from the date of the Notice of Intention to Revoke. A copy of the relevant provisions of the Act concerning revocation of registration, the tax applicable to revoked charities, and appeals against revocation, can be found in Appendix "B" attached. Form T-2046 and the related Guide RC-4424, *Completing the Tax Return Where Registration of a Charity is Revoked*, are available on our Web site at www.cra-arc.gc.ca/charities;
- c) the Organization will no longer qualify as a charity for purposes of subsection 123(1) of the *Excise Tax Act* (ETA). As a result, the Organization may be subject to obligations and entitlements under the ETA that apply to organizations other than charities. If you have any questions about your GST/HST obligations and entitlements, please call GST/HST Rulings at 1-888-830-7747 (Quebec) or 1-800-959-8287 (rest of Canada).

Finally, I wish to advise that subsection 150(1) of the Act requires that every corporation (other than a corporation that was a registered charity throughout the year) file a *Return of Income* with the Minister in the prescribed form, containing prescribed information, for each taxation year. The *Return of Income* must be filed without notice or demand.

Yours sincerely,



Cathy Hawara
Director General
Charities Directorate

Attachments:

- CRA letter dated July 16, 2012;
- The Organization's response of September 1, 2012; and
- Appendix "A" Relevant provisions of the Act

c.c.: Mr. Roger Gushway

[REDACTED]

[REDACTED]



CANADA REVENUE
AGENCY

AGENCE DU REVENU
DU CANADA

Gateway City Church


BN: 87267 0567 RR0001

Attention: Mr. Roger Gushway

File #:3003750

July 16, 2012

Subject: Audit of Gateway City Church

Dear Mr. Gushway:

This letter is further to the audit of the books and records of the Gateway City Church (the "Organization") by the Canada Revenue Agency (the "CRA"). The audit related to the operations of the registered charity for the period from January 1, 2008 to December 31, 2009.

The CRA has identified specific areas of non-compliance within the provisions of the *Income Tax Act* (the "ITA") and/or its Regulations in the following areas:

Areas of Non-Compliance

<u>Issue</u>	<u>Reference</u>
1. Failure to maintain adequate books and records	149.1(2), 168(1)(e), 230
2. Failure to devote all of its resources to its own charitable activities	149.1(1), 149.1(2), 168(1)(b)
3. Providing personal benefit to a proprietor, member, Shareholder, trustee or settler	149.1(1), 149.1(2), 168(1)(b)

The purpose of this letter is to describe the areas of non-compliance identified by the CRA during the course of our audit as they relate to the legislative and common law provisions applicable to registered charities and to provide the Organization with the opportunity to address our concerns. In order for a registered charity to retain its registration, it is required to comply with the provisions of the *ITA* and common law applicable to registered charities. If these

provisions are not complied with, the Minister of National Revenue may revoke the Charity's registration in the manner prescribed in section 168 of the *ITA*.

Below we provide an overview of the requirements for registration and identify the areas of non-compliance.

Identified Areas of Non-Compliance:

1. Failure to Maintain Adequate Books and Records

Section 230(2) of the *ITA* requires that every registered charity maintain adequate books and records, and books of account, at an address in Canada recorded with the Minister. In addition to retaining copies of donation receipts, as explicitly required by section 230(2), section 230(4) provides that

"every person required by this section to keep books of account shall retain:

- (a) 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 prescribed; and
- (b) 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 policy of the CRA relating to the maintenance of books and records, and books of account, is based on several judicial determinations, which have held that:

- it is the responsibility of the registered charity to prove that its charitable status should not be revoked¹;
- a registered charity must maintain, and make available to the CRA *at the time of an audit*, meaningful books and records, regardless of its size or resources. It is not sufficient to supply the required documentation and records subsequent thereto²; and

¹ *The Canadian Committee for the Tel Aviv Foundation vs. Her Majesty the Queen*, 2002 FCA 72 (FCA)

² *Supra*, footnote 3; *The Lord's Evangelical Church of Deliverance and Prayer of Toronto v. Canada*, (2004) FCA 397

- the failure to maintain proper books, records and records of account in accordance with the requirements of the *ITA* is itself sufficient reason to revoke an organization's charitable status³.

Throughout the CRA's audit of the Organization's 2008 books and records and the 2009 general ledger and bank account statements, we have encountered instances where the Organization appears to have failed to maintain complete records to support the activities and the reported income and expenses.

Our review has indicated that the Organization did not maintain adequate books and records in the following facets of the Organization's operations:

- The 2009 books and records were not available for the audit.
- The 2008 books and records were not complete.
- The *ITA* provides various requirements with respect to the issuing of official donation receipts by registered charities. These requirements are contained in Regulation 3501 of the *ITA*. The Organization did not provide a hard copy of the 2008 and 2009 official donation receipts issued, and therefore we could not verify they met the requirements of Section 3501 of the Regulations, and IT-110R3 (Gifts and Official Donation Receipts Income -Tax Interpretation Bulletin). As per a summary of the 2009 official donation receipts issued, the Organization overstated its tax-receipted income by \$38,960.46.⁴ It should also be noted that the 2009 summary of receipts indicates that 1901 receipts were issued throughout the 2009 calendar year, yet during the initial interview we were advised that donation receipts are issued once a year, usually in February. In conclusion, we are not able to determine if the Organization has complied with the requirements of the *ITA* in that it has issued receipts for gifts or donations otherwise than in accordance with the *ITA* and the Regulations.
- The 2009 total revenue reported could not be verified and there are unexplained discrepancies in the books and record keeping.

Total Revenue as per the general ledger	\$190,543.63
Total Revenue as per bank deposits ⁵	\$148,623.53
Total Revenue reported on the Charity Return	\$204,813.00
- Due to the lack of documentation for 2009, the expenditures of the Organization could not be verified, and therefore we are not able to determine if they were incurred in furtherance of the stated objects and

³ (*College Rabbinique de Montreal Oir Hachaim D'Tash v. Canada (Minister of the Customs and Revenue Agency)*, (2004) FCA 101; *ITA* section 168(1))

⁴ The 2008 summary of official donation receipts issued was not submitted for audit. We were advised the information is lost.

⁵ Amount is net of NSF cheques and transfers.

activities, as per the governing documents.⁶ Results of a review of the 2009 debits to the four bank accounts held at the Royal Bank show that debits totaled \$228,255, compared to total expenditures per the general ledger and charity information return of \$195,688, leaving an unexplained variance of \$32,567. As per an audit of the June 2008 expense receipts received for audit, it was determined that \$50,703 of the expenses were unsubstantiated. Please refer to appendix "A" for a listing of the June 2008 expenses for which no purchase/cheque requisition and original receipt was submitted for audit.⁷ It is our view that the Organization has failed to maintain adequate books and records to support that it devoted all of its resources to its charitable programs.

- As per line 5000 on the charity information return - Total expenditures on charitable programs, the total amount spent represents "payment expense" in the Organization's general ledger. As per a review of the payment expense account these debits are ATM withdrawals⁸, email transfers, online banking payments, bills, and various withdrawals that were not identified. CRA did not receive any documentation to verify these amounts for 2009 and little documentation was submitted for verification in 2008.

2009 Payment Expense \$121,813 – amount spent on charitable activities

2008 Payment Expense \$77,524 – amount spent on charitable activities

We were advised during the audit that Roger Gushway holds the ATM bank cards, and therefore has access to the Organizations' funds in all four bank accounts held at the Royal Bank. Due to the lack of documentation for 2008, no documentation for 2009, and the fact that Roger Gushway holds the ATM banking cards, it appears he is using the Organization's funds for personal use. We have not seen documentation to suggest otherwise. (See section 3, Providing Personal Benefits.) As noted above, the Organization has failed to maintain adequate books and records to support that it devoted all of its resources to its charitable programs.

- T4A's were not prepared and issued for honorariums given in 2008 and 2009.
2008 Honorarium Expense \$12,365
2009 Honorarium Expense \$ 1,550
- The 2008 and 2009 T4 issued to Roger Gushway could not be reconciled to the general ledger, form T1223 E - Clergy Residence Deduction was not completed, and the clergy residence deduction was not calculated in

⁶ We were advised during the initial interview there is a system in place for issuing payments, but it is not enforced. A payment requisition form is to be completed and submitted with receipts attached before the amount is approved and paid.

⁷ The month of June was chosen at random.

⁸ See Appendix "B" and Appendix "C" for a listing of the 2008 and 2009 cash withdrawals.

accordance to form T1223 E and Interpretation Bulletin IT 141, Clergy Residence Deduction.

2008 T4 issued to Roger Gushway	\$33,600
2008 Clergy Residence Deduction	\$33,600
2009 T4 issued to Roger Gushway	\$33,600
2009 Clergy Residence Deduction	\$33,600

The results of the audit also showed that payments made to a Visa Home Trust credit card were made to cover the mortgage on Roger Gushway's personal residence, and there was transfer of funds through National Money and Cash 4 You made to Roger Gushway's mortgage account⁹.

Internal Controls

The internal controls of the Organization were not adequate in that there was inadequate segregation of duties; inadequate authorization of transactions, inadequate access restriction to resources and records of the Organization, and inadequate documentation was maintained.¹⁰ The operations of the Organization were conducted by Roger Gushway and his spouse, Maxine Gushway, with little overview by the board of directors. We found that the directors did not approve or review, in detail, the expenditures of the Organization, and this lack of approval or review contributes to our concern that an extraordinary amount of expenses appear to be personal in nature.¹¹ Based upon the lack of internal controls, reliance cannot be placed on the books and record keeping.

2. Charitable Purposes and Activities and Failure to Devote all of its Resources to its own Charitable Activities:

In order for an organization to be recognized as a charity, it must be constituted and operated exclusively for charitable purposes, and it must devote all of its resources to charitable activities carried on by the organization itself.

The term "charitable" is not defined in the *ITA* and it is therefore necessary to rely on the jurisprudence in the *Common Law*. The Courts have recognized four general categories of charitable purposes: (1) the relief of poverty; (2) the advancement of religion; (3) the advancement of education; and (4) other purposes beneficial to the community as a whole (or a sufficient section thereof) in a way that the law regards as charitable. This last category merely identifies

⁹ No charge card statements or receipts were submitted for verification purposes, and Roger Gushway was the only card holder of the charge account.

¹⁰ The signatures on the cheques were Roger Gushway and Maxine Gushway.

¹¹ Reference Appendix "A", Appendix "B", and Appendix "C"

an additional group of purposes that have been held charitable at law rather than qualifying any and all purposes that provide a public benefit as charitable.

In the Supreme Court decision of *Vancouver Society of Immigrant and Visible Minority Women v. M.N.R.* [1999] 1 S.C.R. 10, Iacobucci J. speaking for the majority, summarized the requirements for charitable registration at paragraph 159, as follows:

In conclusion, on the basis of the Canadian jurisprudence, the requirements for registration under s. 248(1) come down to two:

(1) the purposes of the organization must be charitable, and must define the scope of the activities engaged in by the organization; and

(2) all of the organization's resources must be devoted to these activities.

The resources of a charitable organization may only properly be applied in the two ways described below.

The first way is by disbursements made on activities undertaken by the Organization itself, that is to say on its own activities (those which are administered directly under the Organization's control and supervision and for which it is able to render itself fully accountable for the funds expended).

The second way in which a registered charity may properly apply its resources is be making disbursements, not exceeding 50% of its income for that year to "qualified donees".

As per the governing documents, the Organization was registered effective February 2, 2003 to, "Preach, promote, and advance the spiritual teachings of the Evangelical Christian Faith by practicing the religious observances, tenets, and doctrines associated with the non-denominational charismatic faith, and to support and maintain missions and missionaries in order to propagate the faith." As per a letter dated submitted to the Charities Directorate on November 14, 2003 by Senior Pastor Roger Gushway, the activities of the Organization are weekly bible studies, youth and children services, weekly prayer meetings for families and government, and men and women marriage seminars.

We do not dispute that the wording of the objects and the activities of the Organization could be seen in a charitable manner, but it is our view that the Organization has failed to maintain adequate books and records to support that it has devoted all of its resources to its charitable programs. The absence of internal controls within the Organization, and the nature of the funds spent, leads us to believe that the Organization's resources are being used for purposes other than the Organization's activities. As per the 2008 and 2009 charity information returns, total expenditures on charitable activities were was \$77,524 and

\$121,813 respectively. These unsubstantiated amounts were recorded as payment expenses in the Organization's general ledger. The Organization has incomplete books and records, inadequate access restriction to resources, and has not provided details or records on how it directed, controlled and supervised the management of its resources.

3. Providing Personal Benefit to a Proprietor, Member, Shareholder, Trustee or Settlor:

A "charitable organization" is one of which "... no part of its income is payable, or otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settler thereof" (subsection 149.1(1) of the *ITA*).

It is our view that the resources of the Organization have benefited Roger and Maxine Gushway. The Organization has not otherwise shown that the support given to the Gushways constitutes a charitable use of its resources, but rather supports their lifestyle. Please refer to appendix "D" for a listing of 2008 expenses which are personal in nature, and for which no documentation was submitted to support that the amounts furthered the activities of the Organization. Additional issues regarding personal benefits received by Roger Gushway, via cash withdrawals, have already been noted in section 1.¹²

We would add that where a charity has provided a personal benefit to any "proprietor ...", the *ITA* does provide for a possible alternative to a revocation action. Subsection 188.1(4) ("undue benefit") provides for a penalty equal to 105% of the amount of the benefit. This penalty increases to 110% and the suspension of tax-receipting privileges for a repeat infraction within 5 years.

The Organization's Options:

a) No Response

You may choose not to respond. In that case, the Director General of the Charities Directorate may proceed with the issuance of a Notice of Intention to Revoke the registration of the Charity in the manner described in subsection 168(1) of the *ITA*.

b) Response

Should you choose to respond, please provide your written representations and any additional information regarding the findings outlined above **within 30 days** from the date of this letter. After considering the representations submitted by the Charity, the Director

¹² See Appendix "B" and Appendix "C" for listing of cash withdrawals.

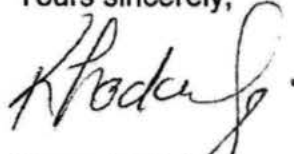
General of the Charities Directorate will decide on the appropriate course of action, which may include:

- no compliance action necessary;
- the issuance of an education letter;
- resolving these issues through the implementation of a Compliance Agreement; or
- the issuance of a Notice of Intention to Revoke the registration of the Charity in the manner described in subsection 168(1) of the *ITA*.

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

If you have any questions or require further information or clarification, please do not hesitate to contact the undersigned at the numbers indicated below.

Yours sincerely,



Karen Lockridge
Verification and Enforcement Division
East Central Ontario Tax Service Office
(Kingston)

Telephone: [REDACTED]
Toll Free: 1-800-588-8035
Facsimile: (613) 536-4629
Address: 31 Hyperion Court, Box 2600
Kingston, Ontario K7L 5P3

Enclosures: Appendices A - D

Appendix "A"

Expense Category	Date	Name	Amount
Conglomerate	03-Jun-08		6,250.00
Conglomerate	06-Jun-08	Renaissance Toronto	432.79
Conglomerate	06-Jun-08	Renaissance Toronto	1,734.06
Conglomerate	10-Jun-08		784.00
Courier & Shipping	10-Jun-08	Rev. Roger Gushway	140.00
Contribution	02-Jun-08	adjustments	299.90
Contribution	03-Jun-08	transfer	900.00
Contribution	03-Jun-08	transfer	164.00
Contribution	04-Jun-08	on line banking	1,385.00
Contribution	06-Jun-08	conglomerate	1,000.00
Contribution	09-Jun-08	on line banking	700.00
Contribution	11-Jun-08	on line banking	200.00
Contribution	11-Jun-08	on line banking	2,800.00
Contribution	18-Jun-08		3,000.00
Contribution	25-Jun-08	transfer	50.00
Contribution	25-Jun-08	conglomerate	50.00
Contribution	25-Jun-08	on line banking	100.00
Contribution	27-Jun-08	transfer	300.00
Contribution	30-Jun-08	transfer	1,100.00
Honourarium	04-Jun-08	conglomerate	1,000.00
Honourarium	04-Jun-08	conglomerate	1,000.00
Honourarium	05-Jun-08		500.00
Honourarium	05-Jun-08	conglomerate	500.00
Honourarium	05-Jun-08	conglomerate	1,000.00
Honourarium	05-Jun-08	conglomerate	1,000.00
Honourarium	09-Jun-08	conglomerate	1,000.00
Honourarium	10-Jun-08	conglomerate	750.00
Housing Expense	03-Jun-08	Rev. Roger Gushway	3,249.76
Misc	09-Jun-08	Rev. Roger Gushway	100.00
Misc	23-Jun-08	COP	2,291.32
Missions	05-Jun-08	Loblaws Supermarket	55.08
Missions	09-Jun-08	No Frills	56.80
Missions	10-Jun-08	Rev. Roger Gushway	61.50
Payment Expense	02-Jun-08	payment	500.00
Payment Expense	03-Jun-08	payment	300.00
Payment Expense	04-Jun-08	payment email transfer	80.00
Payment Expense	06-Jun-08	payment	1,000.00
Payment Expense	09-Jun-08	payment transfer	250.00
Payment Expense	09-Jun-08	payment transfer	400.00
Payment Expense	09-Jun-08	payment transfer	2,000.00
Payment Expense	09-Jun-08	Cathedral of Praise	2,000.00
Payment Expense	11-Jun-08	personal transfer	200.00
Payment Expense	11-Jun-08	Rev Roger Gushway RB Visa	200.00
Payment Expense	11-Jun-08	payment email transfer	1,690.00
Payment Expense	11-Jun-08	payment	583.00
Payment Expense	12-Jun-08	personal transfer	300.00
Payment Expense	13-Jun-08	Cathedral of Praise	180.00
Payment Expense	13-Jun-08	Cathedral of Praise	260.00
Payment Expense	13-Jun-08	personal transfer	100.00
Payment Expense	13-Jun-08	Cathedral of Praise	1,000.00
Payment Expense	13-Jun-08	Rev. Roger Gushway	121.50
Payment Expense	16-Jun-08	Rev. Roger Gushway	120.00
Payment Expense	16-Jun-08	Rev. Roger Gushway	160.00

Appendix "A"

Expense Category	Date	Name	Amount
Payment Expense	16-Jun-08	Rev. Roger Gushway	200.00
Payment Expense	16-Jun-08	Cathedral of Praise transfer	2,000.00
Payment Expense	17-Jun-08	Rev. Roger Gushway lunch	20.00
Payment Expense	18-Jun-08	Rev. Roger Gushway	200.00
Payment Expense	19-Jun-08	personal transfer conglomerate	360.00
Payment Expense	19-Jun-08	Rev. Roger Gushway lunch	20.00
Payment Expense	20-Jun-08	personal transfer conglomerate	140.00
Payment Expense	23-Jun-08	Rev. Roger Gushway	200.00
Payment Expense	25-Jun-08	payment email transfer	750.00
Payment Expense	26-Jun-08	Rev. Roger Gushway transfer	400.00
payroll expense	24-Jun-08	Canada Customs	426.60
Portering Supplies	05-Jun-08	Wal-Mart	29.76
Rent of Facilities	23-Jun-08	Peel District School	1,200.00
Resource Centre	09-Jun-08	Rev. Roger Gushway	80.00
Supplies other	10-Jun-08	Costco Wholesale	13.19
Supplies other	16-Jun-08	Dollarama	24.86
Total			<u>50,703.32</u>

Appendix "B"

Details of 2008 cash withdrawals (ATM)
Royal Bank of Canada

Date	a/c # [REDACTED] Operating Account	a/c # [REDACTED] Special Events	a/c # [REDACTED] Building Fund	a/c # [REDACTED] Missions
15-May-08			100.00	
20-May-08			20.00	
07-Jul-08			340.00	
09-Jul-08			300.00	
10-Jul-08			80.00	
11-Jul-08			60.00	
21-Jul-08			20.00	
04-Aug-08			100.00	
03-Nov-08			360.00	
06-May-08		500.00		
12-May-08		100.00		
13-May-08		260.00		
26-May-08		40.00		
26-May-08		460.00		
19-Jun-08		360.00		
20-Jun-08		140.00		
21-Jul-08		20.00		
21-Jul-08		100.00		
27-Nov-08		500.00		
11-Jun-08				200.00
12-Jun-08				300.00
13-Jun-08				100.00
02-Jan-08	60.00			
04-Jan-08	100.00			
07-Jan-08	101.50			
10-Jan-08	41.50			
10-Jan-08	340.00			
11-Jan-08	81.75			
18-Jan-08	440.00			
21-Jan-08	400.00			
28-Jan-08	100.00			
30-Jan-08	40.00			
11-Feb-08	500.00			
14-Feb-08	500.00			
29-Feb-08	400.00			
03-Mar-08	100.00			
05-Mar-08	41.50			
07-Mar-08	20.00			
07-Mar-08	100.00			
07-Mar-08	161.50			
12-Mar-08	40.00			
13-Mar-08	21.50			
28-Apr-08	100.00			
29-Apr-08	41.50			
20-May-08	160.00			
20-May-08	200.00			
21-May-08	40.00			
28-May-08	100.00			

Appendix "B"

Details of 2008 cash withdrawals (ATM)
Royal Bank of Canada

Date	a/c # [REDACTED] Operating Account	a/c # [REDACTED] Special Events	a/c # [REDACTED] Building Fund	a/c # [REDACTED] Missions
28-May-08	120.00			
28-May-08	200.00			
29-May-08	360.00			
30-May-08	500.00			
02-Jun-08	40.00			
02-Jun-08	500.00			
03-Jun-08	20.00			
03-Jun-08	300.00			
09-Jun-08	41.50			
09-Jun-08	60.00			
09-Jun-08	80.00			
09-Jun-08	100.00			
10-Jun-08	61.50			
10-Jun-08	140.00			
13-Jun-08	121.50			
16-Jun-08	120.00			
16-Jun-08	160.00			
16-Jun-08	200.00			
18-Jun-08	20.00			
18-Jun-08	200.00			
19-Jun-08	20.00			
23-Jun-08	200.00			
08-Jul-08	40.00			
15-Jul-08	500.00			
21-Jul-08	20.00			
25-Jul-08	500.00			
28-Jul-08	20.00			
29-Jul-08	60.00			
29-Jul-08	440.00			
01-Aug-08	200.00			
06-Aug-08	40.00			
06-Aug-08	40.00			
07-Aug-08	100.00			
07-Aug-08	400.00			
11-Aug-08	100.00			
12-Aug-08	80.00			
02-Sep-08	121.50			
09-Sep-08	200.00			
15-Oct-08	60.00			
24-Oct-08	301.50			
10-Nov-08	200.00			
12-Nov-08	500.00			
25-Nov-08	400.00			
18-Dec-08	300.00			
22-Dec-08	200.00			
23-Dec-08	120.00			
24-Dec-08	280.00			
30-Dec-08	40.00			

Appendix "B"

Details of 2008 cash withdrawals (ATM)
Royal Bank of Canada

Date	a/c # [REDACTED] Operating Account	a/c # [REDACTED] Special Events	a/c # [REDACTED] Building Fund	a/c # [REDACTED] Missions	
30-Dec-08	240.00				
Total	13,298.25	2,480.00	1,380.00	600.00	17,758.25

Appendix "C"

Details of 2009 cash withdrawals (ATM)
Royal Bank of Canada

Date	a/c # Operating Account	a/c # Special Events	a/c # Building Fund	a/c # Missions	Expense Account
06-Jan-09	400.00				payroll expense
26-Jan-09	340.00				payment expense
29-Jan-09	100.00				payment expense
29-Jan-09	360.00				payment expense
02-Feb-09	340.00				payment expense
06-Feb-09	200.00				payment expense
09-Feb-09	140.00				payment expense
12-Feb-09	40.00				
13-Feb-09	500.00				payment expense
16-Feb-09	60.00				
27-Feb-09	500.00				payroll expense
23-Mar-09	500.00				payment expense
25-Mar-09	401.50				payment expense
01-Apr-09	260.00				payment expense
13-Apr-09	21.50				
13-Apr-09	500.00				payment expense
13-Apr-09	500.00				payment expense
15-Apr-09	40.00				
17-Apr-09	481.50				payment expense
24-Apr-09	-	-	500.00		payment expense
27-Apr-09	140.00				payment expense
04-May-09	100.00				payment expense
05-May-09	360.00				payment expense
07-May-09	481.50				payment expense
08-May-09	481.50				payment expense
11-May-09	80.00				payment expense
11-May-09	401.50				payment expense
13-May-09	40.00				payment expense
22-May-09	481.50				payment expense
05-Jun-09	500.00				payment expense
10-Jun-09	60.00				
17-Jun-09	500.00				payment expense
22-Jun-09	100.00				payment expense
23-Jun-09	-	-	-	80.00	payment expense
24-Jun-09	-	100.00	-		payment expense
26-Jun-09	-	-	-	40.00	
30-Jun-09	-	-	-	360.00	payment expense
02-Jul-09	-	-	-	100.00	payment expense
05-Jun-09	-	500.00			
28-Jul-09	100.00				payment expense
29-Jul-09	400.00				payment expense
11-Aug-09	280.00				payment expense
08-Sep-09	500.00				payment expense
10-Sep-09	500.00				payment expense
16-Sep-09	320.00				payment expense
28-Sep-09	20.00				payment expense
28-Sep-09	100.00				payment expense
28-Sep-09	240.00				payment expense
01-Oct-09	500.00				payment expense
05-Oct-09	440.00				payment expense

Appendix "C"

Details of 2009 cash withdrawals (ATM)
Royal Bank of Canada

Date	a/c # [REDACTED] Operating Account	a/c # [REDACTED] Special Events	a/c # [REDACTED] Building Fund	a/c # [REDACTED] Missions	Expense Account
08-Oct-09	200.00				payment expense
09-Oct-09	201.50				payment expense
13-Oct-09	201.50				payment expense
02-Nov-09	21.50				payment expense
06-Nov-09	100.00				payment expense
09-Nov-09	60.00				payment expense
09-Nov-09	200.00				payment expense
12-Nov-09	400.00				payment expense
17-Nov-09	40.00				payment expense
23-Nov-09	100.00				payment expense
23-Nov-09	200.00				payment expense
Total	14,535.00	600.00	500.00	580.00	16,215.00

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Special Events - Royal Bank of Canada

22-Jun-08 Rev Roger Gushway chq # 270	3,249.76
28-May-08 Rev Roger Gushway chq # 258	900.00
28-May-08 Rev Roger Gushway chq # 257	1,626.09
28-May-08 Rev Roger Gushway chq # 256	900.00
08-Dec-08 M. Gushway	1,495.00
Total	<u>8,170.85</u>

Missions Account - Royal Bank of Canada

10-Jun-08 Rev Roger Gushway chq # 006	200.00 monthly visa
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General Account - Royal Bank of Canada

02-Jan-08 Blockbuster Video	18.43
07-Jan-08 Baton Rouge	100.00
07-Jan-08 Rogers Video	119.20
07-Jan-08 Capital One MC	250.00
08-Jan-09 No Frills	209.78
10-Jan-08 cheque #1556	1,139.40
14-Jan-08 Shoppers Drug Mart	4.51
14-Jan-08 Walmart	22.51
21-Jan-08 Pizza Pizza	5.41
21-Jan-08 Walmart	30.24
21-Jan-08 Food Basics	58.77
21-Jan-08 Walmart	60.54
22-Jan-08 Citi Financial	300.00
22-Jan-08 Dragon Wireless	200.00
08-Jan-08 Rev Roger Gushway chq #1556	1,139.40
28-Jan-08 Durham Water	137.03
05-Feb-08 Enbridge	280.00
11-Feb-08 No Frills	122.37
14-Feb-08 Dollarama	7.91
14-Feb-08 Walmart	12.12
14-Feb-08 Walmart	112.86
19-Feb-08 T-Phat Supermarket	27.76
27-Jan-08 Rev Roger Gushway chq #1557	2,767.76
11-Feb-08 Rev Roger Gushway chq #1560	1,652.76
29-Feb-08 Caribbean Wave	40.68
04-Mar-08 McDonalds	10.93
05-Mar-08 Shoppers Drug Mart	139.34
05-Mar-08 MTO Agent	170.00
11-Mar-08 Cineplex	11.38
17-Mar-08 Loblaw Supermarket	33.04
17-Mar-08 Citi Financial	250.00
20-Mar-08 Walmart	49.57
20-Mar-08 Starfish Caribbean	145.95
24-Mar-08 Walmart	80.78
31-Mar-08 Dragon Wireless	150.00
22-Apr-08 Cash 4 You	131.04
07-May-08 Capital One MC	100.00
07-May-08 Durham Water	126.19

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07-May-08 Enbridge	135.59	
12-May-08 Crys Lee West	28.06	
22-May-08 No Frills	108.33	
23-May-08 T-Phat Supermarket	37.00	
26-May-08 Party Packagers	44.01	
26-May-08 Walmart	45.01	
28-May-08 CitiFinancial	250.00	
05-Jun-08 Walmart	29.76	
05-Jun-08 Loblaw Supermarket	55.08	
09-Jun-08 Blossom Garden	28.31	
09-Jun-08 No Frills	56.80	
10-Jun-08 Costco	13.19	
16-Jun-08 Dollarama	24.86	
16-Jun-08 Canadian Tire	39.54	
19-Jun-08 Perkins Restaurant	4.75	
25-Jun-08 Cash 4 You	438.92	
03-Jul-08 Shoppers Drug Mart	14.68	
04-Jul-08 Citi Financial	250.00	
07-Jul-08 Crys Lee West	19.15	
15-Jul-08 Best Buy Canada	24.85	
15-Jul-08 KFC	46.08	
16-Jul-08 Cash 4 You	69.75	
16-Jul-08 No Frills	103.45	
16-Jul-08 Rogers Video	150.00	
21-Jul-08 T-Phat Supermarket	107.34	
25-Jul-08 Costco	15.13	
25-Jul-08 Canadian Tire	20.32	
13-Jul-08 Rev Roger Gushway chq # 1569	2,000.00	loan
28-Jul-08 Shoppers Drugmart	23.67	
31-Jul-08 Danforth Fruit	112.55	
31-Jul-08 T-Phat Supermarket	179.09	
04-Aug-08 Walmart	150.98	
11-Aug-08 Costco	22.59	
12-Aug-08 Visa Home Trust	1,200.00	
13-Aug-08 Party Packagers	12.39	
13-Aug-08 Walmart	123.12	
19-Aug-08 Capital One MC	140.00	
19-Aug-08 Bell Canada	150.00	
19-Aug-08 Durham Water	215.00	
19-Aug-08 Enbridge	300.00	
20-Aug-08 Best Buy Canada	33.89	
30-Jul-08 RBC Visa	1,000.00	
05-Aug-08 Rev Roger Gushway	2,000.00	
26-Aug-08 Citi Financial	250.00	
28-Sep-08 Enbridge	390.00	
09-Sep-08 T-Phat Supermarket	161.92	
09-Sep-08 Visa Home Trust	1,400.00	
23-Sep-08 Rev Roger Gushway chq #1572	1,072.76	
30-Sep-08 National Money	103.90	
07-Oct-08 Montana's Cookhouse	118.22	
14-Oct-08 Wendy's	25.27	
21-Oct-08 Citi Financial	250.00	
13-Nov-08 Montana's Cookhouse	75.46	
19-Nov-08 Rent Cash	432.35	

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24-Nov-08 T-Phat Supermarket	167.76	
24-Nov-08 Citi Financial	250.00	
25-Nov-08 Rogers Video	300.00	
25-Nov-08 Rent Cash	919.26	
20-Nov-08 Roger Gushway chq # 1574	2,000.00	home expense
28-Nov-08 Costco	41.94	
01-Dec-08 Costco	41.94	
23-Dec-08 Danforth Fruit	28.85	
23-Dec-08 Walmart	68.51	
01-Dec-08 Rev Roger Gushway chq #1575	2,600.00	home expense
30-Dec-08 Walmart	81.60	
06-Jan-09 Citi Financial	250.00	
06-Jan-09 Cash 4 You	269.75	
06-Jan-09 Rogers Video	442.31	
06-Jan-09 Reliance	126.78	
06-Jan-09 Visa Home Trust	300.00	
06-Jan-09 Capital One MC	300.00	
06-Jan-09 Enbridge	300.00	
31-Dec-08 Rev Roger Gushway chq # 1576	2,400.00	home expense
18-Aug-09 Home Trust	2,015.00	
Total	<u>37,224.48</u>	

Section 149.1 Qualified Donees

149.1(2) Revocation of registration of charitable organization

The Minister may, in the manner described in section 168, revoke the registration of a charitable organization for any reason described in subsection 168(1) or where the organization

- (a) carries on a business that is not a related business of that charity; or
- (b) fails to expend in any taxation year, on charitable activities carried on by it and by way of gifts made by it to qualified donees, amounts the total of which is at least equal to the organization's disbursement quota for that year.

149.1(3) Revocation of registration of public foundation

The Minister may, in the manner described in section 168, revoke the registration of a public foundation for any reason described in subsection 168(1) or where the foundation

- (a) carries on a business that is not a related business of that charity;
- (b) fails to expend in any taxation year, on charitable activities carried on by it and by way of gifts made by it to qualified donees, amounts the total of which is at least equal to the foundation's disbursement quota for that year;
- (c) since June 1, 1950, acquired control of any corporation;
- (d) since June 1, 1950, incurred debts, other than debts for current operating expenses, debts incurred in connection with the purchase and sale of investments and debts incurred in the course of administering charitable activities; or
- (e) at any time within the 24 month period preceding the day on which notice is given to the foundation by the minister pursuant to subsection 168(1) and at a time when the foundation was a private foundation, took any action or failed to expend amounts such that the Minister was entitled, pursuant to subsection (4), to revoke its registration as a private foundation.

149.1(4) Revocation of registration of private foundation

The Minister may, in the manner described in section 168, revoke the registration of a private foundation for any reason described in subsection 168(1) or where the foundation

- (a) carries on any business;
- (b) fails to expend in any taxation year, on charitable activities carried on by it and by way of gifts made by it to qualified donees, amounts the total of which is at least equal to the foundation's disbursement quota for that year;
- (c) has, in respect of a class of shares of the capital stock of a corporation, a divestment obligation percentage at the end of any taxation year;
- (d) since June 1, 1950, incurred debts, other than debts for current operating expenses, debts incurred in connection with the purchase and sale of investments and debts incurred in the course of administering charitable activities.

149.1(4.1) Revocation of registration of registered charity

The Minister may, in the manner described in section 168, revoke the registration

- (a) of a registered charity, if it has entered into a transaction (including a gift to another registered charity) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the expenditure of amounts on charitable activities;
- (b) of a registered charity, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another registered charity to which paragraph (a) applies was to assist the other registered charity in avoiding or unduly delaying the expenditure of amounts on charitable activities;
- (c) of a registered charity, if a false statement, within the meaning assigned by subsection 163.2(1), was made in circumstances amounting to culpable conduct, within the meaning assigned by that subsection, in the furnishing of information for the purpose of obtaining registration of the charity;
- (d) of a registered charity, if it has in a taxation year received a gift of property (other than a designated gift) from another registered charity with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those taxation years, an amount that is less than the fair market value of the property, on charitable activities carried on by it or by way of gifts made to qualified donees with which it deals at arm's length; and
- (e) of a registered charity, if an ineligible individual is a director, trustee, officer or like official of the charity, or controls or manages the charity, directly or indirectly, in any manner whatever.

Section 168:**Revocation of Registration of Certain Organizations and Associations****168(1) Notice of intention to revoke registration**

Where a registered charity or a registered Canadian amateur athletic association

- (a) applies to the Minister in writing for revocation of its registration,
 - (b) ceases to comply with the requirements of this Act for its registration as such,
 - (c) fails to file an information return as and when required under this Act or a regulation,
 - (d) issues a receipt for a gift or donation otherwise than in accordance with this Act and the regulations or that contains false information,
 - (e) fails to comply with or contravenes any of sections 230 to 231.5, or
 - (f) in the case of a registered Canadian amateur athletic association, accepts a gift or donation the granting of which was expressly or impliedly conditional on the association making a gift or donation to another person, club, society or association,
- the Minister may, by registered mail, give notice to the registered charity or registered Canadian amateur athletic association that the Minister proposes to revoke its registration.

168(2) Revocation of Registration

Where the Minister gives notice under subsection (1) to a registered charity or to a registered Canadian amateur athletic association,

- (a) if the charity or association has applied to the Minister in writing for the revocation of its registration, the Minister shall, forthwith after the mailing of the notice, publish a copy of the notice in the *Canada Gazette*, and
- (b) in any other case, the Minister may, after the expiration of 30 days from the day of mailing of the notice, or after the expiration of such extended period from the day of mailing of the notice as the Federal Court of Appeal or a judge of that Court, on application made at any time before the determination of any appeal pursuant to subsection 172(3) from the giving of the notice, may fix or allow, publish a copy of the notice in the *Canada Gazette*,

and on that publication of a copy of the notice, the registration of the charity or association is revoked.

168(4) Objection to proposal or designation

A person may, on or before the day that is 90 days after the day on which the notice was mailed, serve on the Minister a written notice of objection in the manner authorized by the Minister, setting out the reasons for the objection and all the relevant facts; and the provisions of subsections 165(1), (1.1) and (3) to (7) and sections 166, 166.1 and 166.2 apply, with any modifications that the circumstances require, as if the notice were a notice of assessment made under section 152, if

- (a) in the case of a person that is or was registered as a registered charity or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(2) to (4.1), (6.3), (22) and (23);
- (b) in the case of a person that is or was registered as a registered Canadian amateur athletic association or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(4.2) and (22); or
- (c) in the case of a person described in any of subparagraphs (a)(i) to (v) of the definition "qualified donee" in subsection 149.1(1), that is or was registered by the Minister as a qualified donee or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(4.3) and (22).

172(3) Appeal from refusal to register, revocation of registration, etc.

Where the Minister

- (a) confirms a proposal or decision in respect of which a notice was issued under any of subsections 149.1(4.2) and (22) and 168(1) by the Minister, to a person that is or was registered as a registered Canadian amateur athletic association or is an applicant for registration as a registered Canadian amateur athletic association, or does not confirm or vacate that proposal or decision within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal or decision,
- (a.1) confirms a proposal, decision or designation in respect of which a notice was issued by the Minister to a person that is or was registered as a registered charity, or is an applicant for registration as a registered charity, under any of subsections 149.1(2) to (4.1), (6.3), (22) and (23) and 168(1), or does not confirm or vacate that

proposal, decision or designation within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal, decision or designation,

- (a.2) confirms a proposal or decision in respect of which a notice was issued under any of subsections 149.1(4.3), (22) and 168(1) by the Minister, to a person that is a person described in any of subparagraphs (a)(i) to (v) of the definition "qualified donee" in subsection 149.1(1) that is or was registered by the Minister as a qualified donee or is an applicant for such registration, or does not confirm or vacate that proposal or decision within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal or decision,
- (b) refuses to accept for registration for the purposes of this Act any retirement savings plan,
- (c) refuses to accept for registration for the purposes of this Act any profit sharing plan or revokes the registration of such a plan,
- (e) refuses to accept for registration for the purposes of this Act an education savings plan,
- (e.1) sends notice under subsection 146.1(12.1) to a promoter that the Minister proposes to revoke the registration of an education savings plan,
- (f) refuses to register for the purposes of this Act any pension plan or gives notice under subsection 147.1(11) to the administrator of a registered pension plan that the Minister proposes to revoke its registration,
- (f.1) refuses to accept an amendment to a registered pension plan, or
- (g) refuses to accept for registration for the purposes of this Act any retirement income fund,

the person in a case described in paragraph (a), (a.1) or (a.2), the applicant in a case described in paragraph (b), (e) or (g), a trustee under the plan or an employer of employees who are beneficiaries under the plan, in a case described in paragraph (c), the promoter in a case described in paragraph (e.1), or the administrator of the plan or an employer who participates in the plan, in a case described in paragraph (f) or (f.1), may appeal from the Minister's decision, or from the giving of the notice by the Minister, to the Federal Court of Appeal.

180(1) Appeals to Federal Court of Appeal

An appeal to the Federal Court of Appeal pursuant to subsection 172(3) may be instituted by filing a notice of appeal in the Court within 30 days from

- (a) the day on which the Minister notifies a person under subsection 165(3) of the Minister's action in respect of a notice of objection filed under subsection 168(4),
 - (c) the mailing of notice to the administrator of the registered pension plan under subsection 147.1(11),
 - (c.1) the sending of a notice to a promoter of a registered education savings plan under subsection 146.1(12.1), or
 - (d) the time the decision of the Minister to refuse the application for acceptance of the amendment to the registered pension plan was mailed, or otherwise communicated in writing, by the Minister to any person,
- as the case may be, or within such further time as the Court of Appeal or a judge thereof may, either before or after the expiration of those 30 days, fix or allow.

Section 188: Revocation tax

188(1) Deemed year-end on notice of revocation

If on a particular day the Minister issues a notice of intention to revoke the registration of a taxpayer as a registered charity under any of subsections 149.1(2) to (4.1) and 168(1) or it is determined, under subsection 7(1) of the Charities Registration (Security Information) Act, that a certificate served in respect of the charity under subsection 5(1) of that Act is reasonable on the basis of information and evidence available,

- (a) the taxation year of the charity that would otherwise have included that day is deemed to end at the end of that day;
- (b) a new taxation year of the charity is deemed to begin immediately after that day; and
- (c) for the purpose of determining the charity's fiscal period after that day, the charity is deemed not to have established a fiscal period before that day.

188(1.1) Revocation tax

A charity referred to in subsection (1) is liable to a tax, for its taxation year that is deemed to have ended, equal to the amount determined by the formula

$$A - B$$

where

A is the total of all amounts, each of which is

- (a) the fair market value of a property of the charity at the end of that taxation year,
- (b) the amount of an appropriation (within the meaning assigned by subsection (2) in respect of a property transferred to another person in the 120-day period that ended at the end of that taxation year, or
- (c) the income of the charity for its winding-up period, including gifts received by the charity in that period from any source and any income that would be computed under section 3 as if that period were a taxation year; and

B is the total of all amounts (other than the amount of an expenditure in respect of which a deduction has been made in computing income for the winding-up period under paragraph (c) of the description of A, each of which is

- (a) a debt of the charity that is outstanding at the end of that taxation year,
- (b) an expenditure made by the charity during the winding-up period on charitable activities carried on by it, or
- (c) an amount in respect of a property transferred by the charity during the winding-up period and not later than the latter of one year from the end of the taxation year and the day, if any, referred to in paragraph (1.2)(c) to a person that was at the time of the transfer an eligible donee in respect of the charity, equal to the amount, if any, by which the fair market value of the property, when transferred, exceeds the consideration given by the person for the transfer.

188(1.2) Winding-up period

In this Part, the winding-up period of a charity is the period, that begins immediately after the day on which the Minister issues a notice of intention to revoke the registration of a taxpayer as a registered charity under any of subsections 149.1(2) to (4.1) and 168(1) (or, if earlier, immediately after the day on which it is determined, under subsection 7(1) of the Charities Registration (Security Information) Act, that a certificate served in respect of the charity under subsection 5(1) of that Act is reasonable on the basis of information and evidence available), and that ends on the day that is the latest of

- (a) the day, if any, on which the charity files a return under subsection 189(6.1) for the taxation year deemed by subsection (1) to have ended, but not later than the day on which the charity is required to file that return,
- (b) the day on which the Minister last issues a notice of assessment of tax payable under subsection (1.1) for that taxation year by the charity, and
- (c) if the charity has filed a notice of objection or appeal in respect of that assessment, the day on which the Minister may take a collection action under section 225.1 in respect of that tax payable.

188(1.3) Eligible donee

In this Part, an eligible donee in respect of a particular charity is a registered charity

- (a) of which more than 50% of the members of the board of directors or trustees of the registered charity deal at arm's length with each member of the board of directors or trustees of the particular charity;
- (b) that is not the subject of a suspension under subsection 188.2(1);
- (c) that has no unpaid liabilities under this Act or under the Excise Tax Act;
- (d) that has filed all information returns required by subsection 149.1(14); and
- (e) that is not the subject of a certificate under subsection 5(1) of the Charities Registration (Security Information) Act or, if it is the subject of such a certificate, the certificate has been determined under subsection 7(1) of that Act not to be reasonable.

188(2) Shared liability — revocation tax

A person who, after the time that is 120 days before the end of the taxation year of a charity that is deemed by subsection (1) to have ended, receives property from the charity, is jointly and severally, or solidarily, liable with the charity for the tax payable under subsection (1.1) by the charity for that taxation year for an amount not exceeding the total of all appropriations, each of which is the amount by which the fair market value of such a property at the time it was so received by the person exceeds the consideration given by the person in respect of the property.

188(2.1) Non-application of revocation tax

Subsections (1) and (1.1) do not apply to a charity in respect of a notice of intention to revoke given under any of subsections 149.1(2) to (4.1) and 168(1) if the Minister abandons the intention and so notifies the charity or if

- (a) within the one-year period that begins immediately after the taxation year of the charity otherwise deemed by subsection (1) to have ended, the Minister has registered the charity as a charitable organization, private foundation or public foundation; and
- (b) the charity has, before the time that the Minister has so registered the charity,
 - (i) paid all amounts, each of which is an amount for which the charity is liable under this Act (other than subsection (1.1)) or the Excise Tax Act in respect of taxes, penalties and interest, and
 - (ii) filed all information returns required by or under this Act to be filed on or before that time.

188(3) Transfer of property tax

Where, as a result of a transaction or series of transactions, property owned by a registered charity that is a charitable foundation and having a net value greater than 50% of the net asset amount of the charitable foundation immediately before the transaction or series of transactions, as the case may be, is transferred before the end of a taxation year, directly or indirectly, to one or more charitable organizations and it may reasonably be considered that the main purpose of the transfer is to effect a reduction in the disbursement quota of the foundation, the foundation shall pay a tax under this Part for the year equal to the amount by which 25% of the net value of that property determined as of the day of its transfer exceeds the total of all amounts each of which is its tax payable under this subsection for a preceding taxation year in respect of the transaction or series of transactions.

188(3.1) Non-application of subsection (3)

Subsection (3) does not apply to a transfer that is a gift to which subsection 188.1(11) or (12) applies

188(4) Transfer of property tax

Where property has been transferred to a charitable organization in circumstances described in subsection (3) and it may reasonably be considered that the organization acted in concert with a charitable foundation for the purpose of reducing the disbursement quota of the foundation, the organization is jointly and severally liable with the foundation for the tax imposed on the foundation by that subsection in an amount not exceeding the net value of the property.

188(5) Definitions

In this section,

"net asset amount" of a charitable foundation at any time means the amount determined by the formula

$$A - B$$

where

A is the fair market value at that time of all the property owned by the foundation at that time, and

B is the total of all amounts each of which is the amount of a debt owing by or any other obligation of the foundation at that time;

"net value" of property owned by a charitable foundation, as of the day of its transfer, means the amount determined by the formula

$$A - B$$

Where

A is the fair market value of the property on that day, and

B is the amount of any consideration given to the foundation for the transfer.

189(6) Taxpayer to file return and pay tax

Every taxpayer who is liable to pay tax under this Part (except a charity that is liable to pay tax under section 188(1)) for a taxation year shall, on or before the day on or before which the taxpayer is, or would be if tax were payable by the taxpayer under Part I for the year, required to file a return of income or an information return under Part I for the year,

- (a) file with the Minister a return for the year in prescribed form and containing prescribed information, without notice or demand therefor;
- (b) estimate in the return the amount of tax payable by the taxpayer under this Part for the year; and
- (c) pay to the Receiver General the amount of tax payable by the taxpayer under this Part for the year.

189(6.1) Revoked charity to file returns

Every taxpayer who is liable to pay tax under subsection 188(1.1) for a taxation year shall, on or before the day that is one year from the end of the taxation year, and without notice or demand,

- (a) file with the Minister
 - (i) a return for the taxation year, in prescribed form and containing prescribed information, and
 - (ii) both an information return and a public information return for the taxation year, each in the form prescribed for the purpose of subsection 149.1(14); and
- (b) estimate in the return referred to in subparagraph (a)(i) the amount of tax payable by the taxpayer under subsection 188(1.1) for the taxation year; and
- (c) pay to the Receiver General the amount of tax payable by the taxpayer under subsection 188(1.1) for the taxation year.

189 (6.2) Reduction of revocation tax liability

If the Minister has, during the one-year period beginning immediately after the end of a taxation year of a person, assessed the person in respect of the person's liability for tax under subsection 188(1.1) for that taxation year, has not after that period reassessed the tax liability of the person, and that liability exceeds \$1,000, that liability is, at any particular time, reduced by the total of

- (a) the amount, if any, by which
 - (i) the total of all amounts, each of which is an expenditure made by the charity, on charitable activities carried on by it, before the particular time and during the period (referred to in this subsection as the "post-assessment period") that begins immediately after a notice of the latest such assessment was sent and ends at the end of the one-year period exceeds
 - (ii) the income of the charity for the post-assessment period, including gifts received by the charity in that period from any source and any income that would be computed under section 3 if that period were a taxation year, and
- (b) all amounts, each of which is an amount, in respect of a property transferred by the charity before the particular time and during the post-assessment period to a person that was at the time of the transfer an eligible donee in respect of the charity, equal to the amount, if any, by which the fair market value of the property, when transferred, exceeds the consideration given by the person for the transfer.

189(6.3) Reduction of liability for penalties

If the Minister has assessed a particular person in respect of the particular person's liability for penalties under section 188.1 for a taxation year, and that liability exceeds \$1,000, that liability is, at any particular time, reduced by the total of all amounts, each of which is an amount, in respect of a property transferred by the particular person after the day on which the Minister first assessed that liability and before the particular time to another person that was at the time of the transfer an eligible donee in respect of the particular person, equal to the amount, if any, by which the fair market value of the property, when transferred, exceeds the total of

- (a) the consideration given by the other person for the transfer, and
- (b) the part of the amount in respect of the transfer that has resulted in a reduction of an amount otherwise payable under subsection 188(1.1).

189 (7) Minister may assess

Without limiting the authority of the Minister to revoke the registration of a registered charity or registered Canadian amateur athletic association, the Minister may also at any time assess a taxpayer in respect of any amount that a taxpayer is liable to pay under this Part.