



**COPY**

DEC 12 2006

**BY REGISTERED MAIL**

God's Army Ministries  
7035 Rexwood Road, Unit 85  
Mississauga, Ontario L4T 4M7

BN: 87136 2810 RR 0001

Attention: Mr. Nana Osie Sarpong, Director and Senior Pastor

**SUBJECT: Notice of Intention to Revoke  
God's Army Ministries**

Dear Mr. Sarpong:

I am writing further to our letter dated February 28, 2006 (copy enclosed), in which you were invited to submit representations to us as to why the Minister of National Revenue should not revoke the registration of God's Army Ministries (the "Charity") in accordance with subsection 168(1) of the *Income Tax Act* (the "ITA"). As of this date, we still have not received any response to our letter.

Consequently, I wish to advise you that, pursuant to the authority granted to the Minister in subsection 149.1(2) of the ITA, and delegated to me, I propose to revoke the registration of the Charity. By virtue of subsection 168(2) of the ITA, 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), 168(1)(d) and 168(1)(e) of the Income Tax Act, that I propose to revoke the registration of the organization listed below under subsection 149.1(2) of the Income Tax Act and that the revocation of registration is effective on the date of publication of this notice.*

<b>Business Number</b>	<b>Name</b>
871366 2810 RR 0001	God's Army Ministries Mississauga, Ontario

In accordance with subsection 168(2) of the ITA, you can suspend this process (i.e. seek an extended period before revocation) by applying to the Federal Court of Appeal or a judge of that court for a stay. The Court will acknowledge your application and provide you with an action number. We require a copy of the Court acknowledgement of your request for a stay to stop the revocation process.

Should you wish to appeal this notice of intention to revoke the Charity's registration in accordance with subsection 168(4) of the ITA, 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

Please note that, notwithstanding the filing of a Notice of Objection, the Charity must seek the above-noted stay to prevent revocation from occurring. Unless the Canada Revenue Agency receives notice that an application for a stay has been filed to the Federal Court of Appeal or judge of that court regarding this revocation, we intend to proceed with the publication of the above notice in the **Canada Gazette** in 30 days thereby affecting the revocation of the Charity's registration.

#### Consequences of a Revocation

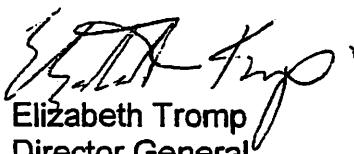
As of the date of revocation, which is the date upon which the above-noted notice is published in the **Canada Gazette**, the Charity will no longer be exempt from Part I Tax as a registered charity and **will no longer be permitted to issue official donation receipts**.

Additionally, by virtue of section 188 of the ITA, the Charity 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 ITA (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, the Charity will no longer qualify as a charity for purposes of subsection 123(1) of the *Excise Tax Act* (the ETA), effective on the date of revocation. As a result, it 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 1-800-959-8287. A copy of the relevant provisions of the ETA that apply to charities (Appendix "B") is also attached for your information.

I also wish to advise you that pursuant to subsection 150(1) of the ITA, 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

Attachments:

- Our letter dated February 28, 2006
- Appendix "A", Relevant provisions of the *Income Tax Act*
- Appendix "B", Relevant provisions of the *Excise Tax Act*
- Form T2046, *Tax Return Where Registration of a Charity is Revoked*
- Guide RC4424, *Completing the Tax Return Where Registration of a Charity is Revoked*



Canada Customs  
and Revenue Agency

Agence des douanes  
et du revenu du Canada

2006-02-28

**BY REGISTERED MAIL**

Mr. Nana Sarpong  
Director & Senior Pastor  
God's Army Ministries  
7035 Rexwood Road, Unit 85  
Mississauga, Ontario  
L4T-4M7

Case No. 3017824

Dear Mr. Sarpong,  
Re: Registered Charity Audit - God's Army Ministries  
BN# 871 362 810 RR0001

This letter is further to an audit of the books and records of God's Army Ministries (the "Charity"), which was conducted by a representative of the Canada Revenue Agency ("CRA"). The audit related to the operations of the Charity for its fiscal periods December 2003 and December 2004.

The results of this audit and review indicate that the Charity is in contravention of certain provisions of the Income Tax Act (the "Act"). 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 these provisions are not complied with, the Minister may revoke the Charity's registration in the manner described in section 168 of the Act.

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

**On-going and new programs**

You have declared in your 2003 and 2004 Charity Information Return that you are supporting Christian faith evangelism in West Africa and also assisting other ministries outside Canada. These activities are not in accordance with your objectives. Relevant to this matter, you made a commitment per your letter of November 6, 2002, that you would notify this Office should you "carry on any mission work". However, you failed to notify this office and also failed to file the required agency agreement.

**Inadequate Books and Record**

We have requested you to submit books and records at numerous dates as follows:

[1] Dec 21/05 [2] Jan 16/06 [3] Jan 20/06 [4] Jan 26/06  
[5] Feb 01/06 [6] Feb 6/06 [7] Feb 7/06 [8] Feb 13/06  
[9] Feb 14/06 [10] Feb 22/06 [11] Feb 24/06 [12] Feb 27/06 [13]  
Feb 28/06

**Canada**

You failed to submit the required records on the above dates and as a consequence, we could not determine whether your revenues and expenditures are charitable in nature and in accordance with your objectives.

#### Official Donation Receipts

The Act provides various requirements in respect of official donation receipts issued by registered charities. These requirements include that every official donation receipt:

- shall contain the full address of the donor (Regulation 3501(1)(a))
- where a receipt is spoiled or voided, all copies of the receipt are marked "Cancelled" [IT-110R3 Paragraph 20]

It was discovered during the audit that the above noted requirements were contravened. Specifically, it was found that full addresses of the donors were not printed in the official receipts. Original copies of the spoiled or cancelled receipts were not attached to the duplicates and were not marked "Cancelled".

For the fiscal year ended December 31, 2004, 93% of the official donations receipts were not deposited in the bank. It is mandatory that all monies from donation receipts be deposited in the bank to establish that such amounts are in fact legitimate assets of the Charity. Only 9% of the total expenditures per T3010 were paid through the bank. We cannot therefore establish that the 91% balances of expenditures are charitable in nature.

#### Remuneration and Benefits Reporting

The audit indicated that the Charity did not prepare and issue Statements of Remuneration (Form T4A) for clergy's salaries of \$5,780.00 for the year 2004. Regulation 200(2) of the Act requires that where an amount has been paid that is required to be included in determining a taxpayer's income from an office or employment, an information slip in respect of such payment shall be issued to that individual or contractor.

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 if it issues a receipt otherwise than in accordance with the Act and the Regulations.

#### Conclusion

For each of the reasons listed above, in its own right, it appears that there are grounds for revocation of God's Army Ministries status as a registered charity. The consequences to a registered charity of losing its registration include:

1. 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 organization as described in paragraph 149(1)(l) of the Act,
2. Loss of right to issue donation receipt,
3. The possibility of a tax payable under Part V, subsection 188(1) of the Act.

For your reference, I have attached a copy of the relevant provisions of the Income Tax 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 reasons why the Minister should not revoke the registration of God's Army Ministries in accordance with subsection 168(2) of the Act, you are invited to submit your representations, within [redacted] days from the date of this letter. Subsequent to this date, the Director of Charities will decide whether or not to proceed with the issuance of a Notice of intention to revoke the registration of God's Army Ministries in the manner described in subsection 168(1) of the Act.

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

If further information or assistance is required, please contact the undersigned at Canada Revenue Agency at the address or telephone number noted below.

Yours truly,

[redacted]  
L. Edmunds, Charities Audit  
Unit 443-2-7  
Verification and Enforcement Division  
Tax Services  
Office: Toronto Centre  
Telephone: 416-410-0714  
Facsimile: 416-954-6015  
Address: 1 Front Street West, Suite 100  
Toronto, On. M5J 2X6  
Internet: [www.cra.gc.ca](http://www.cra.gc.ca)