



Revenue Canada
Revenu Canada

BY REGISTERED MAIL

Jesus Inner-Healing Ministries Foundation Limited
473 McLean Street
Quesnel, British Columbia
V2J 2P3

Your file Votre référence

Our file Notre référence

101711
Tel. (613) 954-1362

Attention: Mr. Anthony Buchanan
President

January 31, 1996

Dear Sir:

Re: Registered Status

I refer to the Department's letter of November 14, 1995 in which you were invited to submit representations to us within sixty days as to why the Minister of National Revenue should not revoke the registration of Jesus Inner-Healing Ministries Foundation Limited (the "Charity") in accordance with subsection 168(2) of the *Income Tax Act* (the "Act"). We have received no response, nor have we been able to contact you by telephone.

A copy of the Department's November 14, 1995 letter is attached, outlining the reasons why we have determined that the Charity does not satisfy the definition of a charitable organization in accordance with subsection 149.1(1) and has failed to file its 1994 *Registered Charity Information Return* as required under subsection 149.1(14) of the Act.

Paragraph 168(1)(b) of the Act provides that for a registered charity to be entitled to retain its registered status, it is required to comply with the requirements of the Act relating to its registration as such. In addition, paragraph 168(1)(c) of the Act provides that for a registered charity to retain its registered status, it must file an information return as and when required under the Act or a regulation. If a registered charity ceases to comply with these requirements, the Minister may give notice to the charity that he proposes to revoke its registration.

I wish to advise you that for the reasons outlined above and pursuant to the authority granted to the Minister in subsection 168(1) of the Act and

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delegated to me in subsection 900(8) of the Regulations to the Act, I propose to revoke the registration of Jesus Inner-Healing Ministries Foundation Limited. 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)(c) of the *Income Tax Act*, that I propose to revoke the registration of the charity listed below and that the revocation of registration is effective on the date of publication of this notice.

Should you wish to appeal this notice of intention to revoke the Charity registration in accordance with subsections 172(3) and 180(1) of the Act, you are advised to file a notice of appeal with the Federal Court of Appeal within 30 days from the mailing of this letter. The address of the Federal Court of Appeal is:

Supreme Court Building
Wellington Street
Ottawa, Ontario
K1A 0H9

As of the date of revocation of the registration of the Charity, 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 1 Tax as a registered Charity and will no longer be permitted to issue official donation receipts.

Additionally, the Charity may be subject to tax exigible pursuant to Part V, section 188 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.

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 therefor, be filed with the Minister in prescribed form containing prescribed information. Also we draw your

attention to paragraph 149(1)(1) which states the definition of a non-profit organization and subsection 149(12) which states the filing requirements of a non-profit organization.

Yours truly,



R.A. Davis, CGA
Director
Charities Division

Enclosures

BY REGISTERED MAIL

Jesus Inner-Healing Ministries Foundation Limited
473 McLean Street
Quesnel, British Columbia
V2J 2P3

Your file *Votre référence*

Our file *Notre référence*

101711

Tel.(613)954-1362

Attention: Mr. Anthony Buchanan
President

April 29, 1996

Dear Sir:

Re: Registered Status

I refer to the Department's letters of November 14, 1995 and January 31, 1996 in which we outlined the reasons why we have determined that Jesus Inner-Healing Ministries Foundation Limited (the "Charity") does not meet the requirements for continued registration as a charitable organization under the provisions of the *Income Tax Act* (the "Act").

We agreed to review your submissions dated January 25, 1996, as they were received by this Division on the same day that our notice of intention to revoke the Charity's registered status was mailed. We also reviewed your additional submissions dated February 13, 1996. We must advise that your representations do not alleviate our concerns that the Charity has failed to comply with the provisions of the *Act* applicable to registered charities and has given cause for revocation of its registration.

In addition, a more serious concern regarding the issuance of donation receipts has come to our attention. We have received information that the Charity has not reported all of its income on its *T3010 Charity Information Return*, nor has the corresponding use of these funds been reported to the Department.

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Our information shows that the following receipts were issued for the fiscal year ending December 31, 1994:

- Receipt No. 001 dated September 1, 1994 in the amount of \$4,960.56
- Receipt No. 007 dated December 8, 1994 in the amount of \$12,307.56

The total of these receipts is \$17,268.12, which is considerably in excess of the amount of \$12,632.56 reported on the Charity's *1994 Charity Information Return*. These facts also suggest that additional amounts have been receipted for receipts no. 002 through 006 which have not been accounted for. In our view, the Charity has not properly controlled the use of its official donation receipts and/or filed an information return that is not true, correct and complete in every respect. We left a message with your accountant's office on April 25, 1996 requesting a complete reconciliation of official donation receipts issued. You should provide our office with copies of all official donation receipts issued, together with copies of applicable bank statements.

Your representations respecting funds spent in Jamaica do not explain what difficulty was encountered in Jamaica and you state that you are unable to provide our office with an accounting of what the money was spent on as the accounting has been misplaced. We also question why the Charity is unable to obtain a refund of the 24,000 Jamaican dollars in the Bank of Nova Scotia, Jamaica, as the Managing Director of Jesus Inner-Healing Ministries of Jamaica, Ivy Harvey, is also on the Charity's board of directors.

As a result, it appears that the Charity does not satisfy the definition of a charitable organization in accordance with subsection 149.1(1) of the *Act*, has failed to file its 1994 *Registered Charity Information Return* as required under subsection 149.1(14), and has not maintained adequate books and records as required under subsection 230(2) of the *Act*.

We would ask that the Charity provide, within 14 days from the date of this letter, any additional representations as to why its registration as a Charity should not be revoked for these reasons. You may contact our office by writing to Charities Division, 400 Cumberland Street, 5th Floor, Ottawa, Ontario, K1A 0L8 or by fax at [REDACTED]. If the Charity does

not reply, or if we do not accept its representations, a final Notice of Intention to Revoke under subsection 168(l) of the *Act* will be sent.

Yours truly,



Rhéal Dorval, CGA
Assistant Director, Audit
Charities Division

cc Boyd and Company



BY REGISTERED MAIL

Mr. Howard A. Buchanan
Chairman
Jesus Inner-Healing Ministries Foundation Limited
473 McLean Street
Quesnel, British Columbia
V2J 2P3

Your file Votre référence

Our file Notre référence

101711

Tel. (613) 954-1362

MAY 16 1996

Dear Sir:

Re: Registered Status

I refer to the Department's letter of April 29, 1996 in which you were invited to submit additional representations to us within fourteen days as to why the Minister of National Revenue should not revoke the registration of Jesus Inner-Healing Ministries Foundation Limited (the "Charity") in accordance with subsection 168(2) of the *Income Tax Act* (the "Act").

We have received representations from your accountant, which include copies of all receipts issued during the December, 1994 fiscal year-end. These official donation receipts total \$22,888.12, which is considerably in excess of the amount of \$12,632.56 reported on the Charity's *1994 Registered Charity Information Return*. In addition, the *Return* does not account for the corresponding use of the funds and assets which have been received. The omissions are material in relation to the Charity's reported income and expenditures and we therefore believe that the Charity's directors knew, or ought to have known, about these omissions at the time of signing and filing the *Return* with the Department.

As stated in our letter of April 29, 1996, your representations respecting funds spent in Jamaica do not explain what difficulty was encountered in Jamaica and you were unable to provide our office with an accounting of what the money was spent on as the accounting had been misplaced. We also questioned why the Charity was unable to obtain a refund of the 24,000 Jamaican dollars in the Bank of Nova Scotia, Jamaica, as the Managing Director of Jesus Inner-healing Ministries of Jamaica, Ivy Harvey, is also on the Charity's board of directors.

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The representations made on your behalf by Marilyn Boyd state that the charitable *Return* was prepared from a statement of receipts and disbursements prepared by the Charity and that you are presently in the process of moving. As a result, they were unable to provide the Department with a substantiative response regarding these outstanding issues.

In view of the materiality of the omissions in the *Return* and the fact that the Charity did not bring these omissions to the Department's attention voluntarily, we are unable to entertain any further representations respecting the registered status of the Charity.

As a result of the above, we have determined that the Charity has not filed a complete 1994 *Registered Charity Information Return* as required under subsection 149.1(14) of the *Income Tax Act*, and has not maintained adequate books and records as required under subsection 230(2) of the *Act*. In addition, we have concluded that the Charity did not clearly demonstrate that it maintained an adequate level of control and accountability over the use of its monies sent to Jamaica. The Charity therefore does not satisfy the definition of a charitable organization under subsection 149.1(l) of the *Act*, because it has not devoted all of its resources to charitable activities carried on by itself.

Paragraph 168(1)(b) of the *Act* provided that for a registered charity to be entitled to retain its registered status, it is required to comply with the requirements of the *Act* relating to its registration as such. In addition, paragraphs 168(1)(c) and (e) of the *Act* provides that for a registered charity to retain its registered status, it must file an information return as and when required under the *Act* or a regulation and comply with any of sections 230 to 231.5 of the *Act*. If a registered charity ceases to comply with these requirements, the Minister may give notice to the charity that he proposes to revoke its registration.

I wish to advise you that for the reasons outlined above and pursuant to the authority granted to the Minister in subsection 168(1) of the *Act* and delegated to me in subsection 900(8) of the Regulations to the *Act*, I propose to revoke the registration of Jesus Inner-Healing Ministries Foundation Limited. 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), 168(1)(c), and 168(1)(e) of the *Income Tax Act*, that I propose to revoke the registration of the charity listed below and that the revocation of registration is effective on the date of publication of this notice.

1017110-49 Jesus Inner-Healing Ministries Foundation Limited
Quesnel, British Columbia

Should you wish to appeal this notice of intention to revoke the charity registration in accordance with subsections 172(3) and 180(1) of the *Act*, you are advised to file a notice of appeal with the Federal Court of Appeal within 30 days from the mailing of this letter. The address of the Federal Court of Appeal is:

Supreme Court Building
Wellington Street
Ottawa, Ontario
K1A 0H9

As of the date of revocation of the registration of the Charity, 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 1 Tax as a registered charity and will no longer be permitted to issue official donation receipts.

Additionally, the Charity may be subject to tax exigible pursuant to Part V, section 188 of the *Act*. For your reference, I 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.

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 therefor, be filed with the Minister in prescribed form containing prescribed information. We also draw your attention to paragraph 149(1)(l) which states the definition of a non-profit organization and subsection 149(12) which states the filing requirements of a non-profit organization.

Yours truly,



R.A. Davis, CGA
Director
Charities Division

Attachments

cc Boyd and Company



Revenue
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ATTACHMENT TO NOTICE OF INTENT TO REVOKE OF

JAN 31 1996

In Our Lord We Believe and Trust -
Jesus Inner-Healing Ministries
473 McLean Street
Quesnel, British Columbia
V2J 2P3

Your file Votre référence

Our file Notre référence

101711
Tel. (613) 954-1362

Attention: Mr. Anthony Buchanan
President

November 14, 1995

Dear Sir:

Re: Registered Status

This letter is further to our review of the 1994 *T3010 Charity Information Return* and registration file of In Our Lord We Believe and Trust - Jesus Inner-Healing Ministries (the "Charity").

Our review indicates that the Charity may be 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 by a particular registered charity, the Minister of National Revenue may revoke its registration in the manner described in subsection 168(2) of the Act.

Charitable Designation

The Charity is registered as a charitable organization. To satisfy the definition of a charitable organization pursuant to subsection 149.1(1) of the Act, more than 50% of the Directors must deal with each other and with each of the other directors at arm's length. As the Charity has indicated on its *T3010 Return* that it has only two directors, it does not meet this definition.

T3010 Charity Information Return

Every registered charity is required by subsection 149.1(14) of the Act to file a *Registered Charity Information Return* and *Public Information Return* (form *T3010*) with applicable schedules and financial statements for each taxation year of the charity. The recent 1994 *T3010 Return* failed to include financial statements as required.

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In addition, as the fiscal year end of the Charity had been established with this office as June 30, it would appear that this submission represents a change in fiscal period. We would advise in this respect that no change in a usual and accepted fiscal period may be made for the purposes of the Act without the prior concurrence of the Minister of National Revenue.

Activities Outside Canada

In order to meet the definition of a charitable organization under subsection 149.1(1) of the Act, a registered charity must devote all its resources to charitable activities carried on by itself. In order to view an organization as carrying on its own charitable activities, it is necessary that the charitable activities be carried on by an employee or agent of the organization, or through the participation by the organization in a joint venture or partnership-like enterprise.

Where a registered charity chooses to administer one or more of its activities through an appointed agent or representative, it must be able to substantiate, by documentary evidence, that it has arranged for the conduct of certain specific activities on its behalf and not simply made an outright transfer of funds to a non-qualified donee. The charity must also be able to demonstrate to our satisfaction that it at all times maintains control and full accountability over use of its monies transferred to the agent.

If a charity chooses to administer its work in this fashion, the following conditions must be met:

- (1) The charity must establish some sort of current, formal, written declaration which would state in each case that the organization/individual to be funded in this matter will be carrying out certain stated activities which the charity wishes to see accomplished on its behalf during the term of the agreement;
- (2) Each organization or individual so funded must provide some system of continuous and comprehensive documented reporting, including expense vouchers, to the charity concerning its ongoing activities which are carried out on behalf of the charity. Such written reports would have to be supplemented at by a financial report reflecting the use of funds transferred to the agent.
- (3) The charity's funds must remain apart from those of its representative so that the charity's role in any particular project of endeavour is separately identifiable as its own charitable activity;
- (4) Financial statements submitted in support of the charity's annual information returns must provide a detailed breakdown of expenditures made in respect of its own charitable activities including those performed by its agents.

It is our view that this type of reporting mechanism is necessary for the Charity to clearly demonstrate that it maintains an adequate level of control and accountability over the use of its monies. These reports would have to be kept with the Charity's other records and books of account at the address recorded with this Department.

We note that you have submitted a Contract dated January 4, 1995 respecting activities carried out in Jamaica. We do not find that this Contract fulfills all of the above requirements in that it is not executed by both parties to the agreement and does not specify the charitable activity to be carried out on behalf of the Canadian Charity.

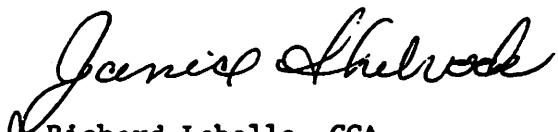
If you do not agree with the facts outlined above, or wish to present other reasons why the Charity's registration should not be revoked, you are invited to submit your representations within 60 days from the date of this letter. Subsequent to this date, the Director, Charities Division, will decide whether or not to 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 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 the provisions relating to appeals against revocation.

If you appoint a third party to represent you in this matter, please notify us in writing.

You may write to the Charities Division, 400 Cumberland Street, 5th floor, Ottawa, Ontario, K1A 0L8.

Yours truly,



Richard Labelle, CGA
Assistant Director, Audit
Charities Division

Enclosure