



# COPY

JUN 22 2006

BY REGISTERED MAIL

La Société littéraire de Tocqueville  
425-1 Street SW, 12<sup>th</sup> Floor  
Calgary, Alberta T2P 3L8

Attention: Mr. David Ryan

BN: 86272 8888 RR0001  
File #: 3023088

**SUBJECT: Notice of Intention to Revoke**  
**La Société littéraire de Tocqueville**

Dear Mr. Ryan:

I am writing to you further to our letter dated January 27, 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 La Société littéraire de Tocqueville (hereinafter, the "Charity") in accordance with subsection 168(1) of the *Income Tax Act* (hereinafter, the "Act"). 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 168(1) of the Act, and delegated to me, I propose to revoke the registration of La Société littéraire de Tocqueville. 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)(e) of the Income Tax Act, that I propose to revoke the registration of the organization listed below and that the revocation of registration is effective on the date of publication of this notice.*

File Number	Business Number	Name
3023088	86272 8888 RR0001	La Société littéraire de Tocqueville Calgary, Alberta

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

.../2

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

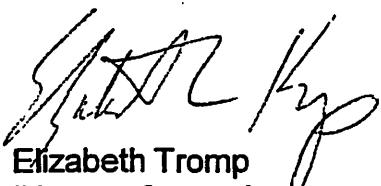
**Consequences of a Revocation**

As of the date of revocation of the registration of La Société littéraire de Tocqueville, which is the date upon which the above-noted notice is published in the *Canada Gazette*, La Société littéraire de Tocqueville 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, the Charity may be subject to tax pursuant to Part V, section 188 of the Act. By virtue of section 188 of the Act, La Société littéraire de Tocqueville will be required to pay a tax within one year from the date of the Notice of Intention to Revoke the Charity's registration. This revocation tax is calculated on prescribed form T-2046 "*Tax Return Where Registration of a Charity is Revoked*". The return must be filed and the tax must be paid on or before the day that is one year from the date of the Notice of Intention to Revoke a charity's Registration. For your reference, I have attached a copy of the relevant provisions of the Act (Appendix "A") concerning revocation of registration and the tax applicable to revoked charities as well as appeals against revocation. Form T-2046 along with the related Guide RC-4424, "*Completing the Tax Return Where Registration of a Charity is Revoked*", are also attached for your information.

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

Yours sincerely,



Elizabeth Tromp  
Director General  
Charities Directorate

**Attachments:**

- Our letter dated January 27, 2006
- Appendix "A", Relevant provisions of the Act
- Form T-2046, *Tax Return Where Registration of a Charity is Revoked*
- Guide RC-4424, *Completing the Tax Return Where Registration of a Charity is Revoked*



Canada Revenue  
Agency

Agence du revenu  
du Canada

**BY REGISTERED MAIL**

*Your file Votre référence*

*Our file Notre référence*

January 27, 2006

**La Société Littéraire de Tocqueville**  
425-1 Street SW, 12<sup>th</sup> Floor  
Calgary, AB T2P 3L8

**Attention: David Ryan**

Dear Mr. Ryan:

Re:    Charity Audit  
BN: 86272 8888 RR 0001  
Audit Period: 2003-01-01 to 2003-12-31

This letter is further to our letter dated December 20, 2005, regarding the operations of the charity La Société Littéraire de Tocqueville (the "Charity"), and the compliance regarding the maintenance of its books and records. The audit related to the operations of the charity for its fiscal period ended December 31, 2003.

The review has raised concerns about the Charity's compliance with certain provisions of the *Income Tax Act* (the "Act"). For a registered charity to retain its registration, it must comply with the provisions of the *Act*. If a particular registered charity does not comply with these provisions, the Minister may revoke that charity's registration in the manner described in subsection 168(2) of the *Act*. The balance of this letter describes the Canada Revenue Agency's concerns.

### **Books and Records**

Under paragraph 168(1)(e) of the *Act*, the Minister may by registered mail, give notice to a registered charity that he proposes to revoke its registration because it fails to comply with or contravenes any of sections 230 to 231.5 of the *Act* for maintaining inadequate books and records.

The charity has not maintained its books and records adequately for audit purposes. The books and records were not available during the audit to account for the funds received, nor were the supporting documentation to substantiate the expenditures.

- In April 2005, the representative Mr. David Ryan was contacted to set up the audit to commence in May of 2005.
- On April 13, 2005, email message was received from Mr. Ryan stating that he did not have the information or financial records of the charity and that he would enquire and get the records.
- On May 6, 2005, an email message was received from Mr. Ryan asking to send the official confirmation letter so that he could forward it to one of the active directors, Mr. Gregory Fosseadal.
- On May 9, 2005, the audit confirmation letter was sent to confirm that the audit would commence on August 8, 2005.
- The representative was contacted on August 2, 2005 to confirm that the audit was still going to commence on August 8, 2005. The auditor was informed that the representative had still not received any records and therefore the audit was postponed.
- On August 5, 2005, an email message was sent to Mr. Gregory Fosseadal, one of the directors, asking him to confirm his email address so that he can be contacted. No response has yet been received from Mr. Fosseadal.
- The representative was contacted numerous times during October and November of 2005, but no progress was made in obtaining the records.
- On December 20, 2005, a letter was sent to the charity stating that if the books and records were not provided within 30 days, the registration of the charity may be revoked.
- No response was provided as of January 27, 2006.

The *Act* requires that under subsection 230(2) that registered charities must maintain adequate books and records of account at a single address in Canada that is registered with the *Agency*. This provision is intended to enable a charity to accurately provide the *Agency* with the information required by the *Act* as well as to enable the *Agency* to verify the accuracy of reported information through an audit and to determine whether there are any grounds for the revocation of the charity's registration.

### **Conclusion**

For the reason indicated above, it appears to us that there is ground for revocation of the charity's 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 *Act* unless, in the opinion of the Director of the applicable Tax Services Office, it qualifies as a non-profit organisation as described in paragraph 149(1)(l) of the *Act*;
2. Loss of the right to issue official donation receipts for income tax purposes which means that gifts made to the Charity would not be allowable as a tax credit to individual donors as provided at subsection 118.1(3) of the *Act* or as a deduction allowable to corporate donors under paragraph 110.1(1)(a) of the *Act*; and
3. The possibility of a tax payable under Part V, subsection 188(1) of the *Act*.

For your reference, we have attached a copy of the relevant provisions of the *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 any reasons why the Minister of National Revenue should not revoke the registration of La Société Littéraire de Tocqueville in accordance with subsection 168(2) of the *Act*, you are invited to submit your representations within 30 days from the date of this letter. Subsequent to this date, the Director General of the Charities Directorate will decide whether or not to proceed with the issuance of a Notice of intention to revoke registration of the charity in the manner described in section 168 of the *Act*.

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

If you require further information, clarification, or assistance, please write to the address given below.

Yours truly,



 **Shane Menen, B.Comm, CGA**  
Auditor  
Verification & Enforcement Division  
Edmonton Tax Services Office

Telephone: (780) 495 - 7316  
Fax: (780) 495 - 4243  
Address: 9700 Jasper Avenue  
Edmonton AB T5J 4C8

Toll free: 1-800-267-2384 (Charities)  
Internet: [www.ccra-adrc.gc.ca](http://www.ccra-adrc.gc.ca)