



**REGISTERED MAIL**

Mt. Moriah Apostolic Church (Toronto)  
135 Oakdale Road  
Toronto ON M3N 1W2

Attention: Ms. Andrea Campbell

BN: 11904 8932

File #: 0786053

March 6, 2013

**Subject:      Revocation of Registration**  
**Mt. Moriah Apostolic Church (Toronto)**

Dear Sir:

The purpose of this letter is to inform you that a notice revoking the registration of Mt. Moriah Apostolic Church (Toronto) (the Organization) was published in the *Canada Gazette* on March 2, 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](http://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.

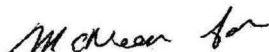
- c) The Organization no longer qualifies as a charity for purposes of subsection 123(1) of the *Excise Tax Act* (ETA). As a result, the Organization may be subject to obligations and entitlements under the ETA that apply to organizations other than charities. If you have any questions about your GST/HST 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



Canada Revenue  
Agency

Agence du revenu  
du Canada

JAN 22 2013

**REGISTERED MAIL**

Mt. Moriah Apostolic Church (Toronto)  
135 Oakdale Road  
Toronto ON M3N 1W2

BN: 119048932RR0001

Attention: Ms. Andrea Campbell

File #:0786053

**Subject: Notice of Intention to Revoke  
Mt. Moriah Apostolic Church (Toronto)**

Dear Ms. Campbell:

I am writing further to our letters dated September 29, 2011, and August 8, 2012 (copies enclosed), in which you were invited to submit representations as to why the registration of Mt. Moriah Apostolic Church (Toronto) (the Organization) should not be revoked in accordance with subsection 168(1) of the *Income Tax Act*.

While the Organization failed to provide any information and documentation requested in our correspondence dated August 8, 2012, we have reviewed and considered your written response dated October 29, 2011, in response to our September 29, 2011, correspondence. However, notwithstanding your reply, our concerns with respect to the Organization's non-compliance with the requirements of the Act for registration as a charity have not been alleviated. Our position is fully described in Appendix "A" attached.

**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; comply with Regulation 3501 regarding the contents of its official donation receipts and; comply with subsection 149.1(14) providing a factual and complete Form T3010, *Registered Charity Information Return*, within six months of the end of its fiscal period. 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.

**Canada**

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

Consequently, for each of the reasons mentioned in our letter dated September 29, 2011, as well as the additional issues of non-compliance described in Appendix "A" that were revealed during our review of the Organization's correspondence dated October 29, 2011, I wish to advise you that, pursuant to subsection 168(1) and 149.1(2) 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), 168(1)(c), 168(1)(d,) 168(1)(e), subsection 149.1(2) 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**  
119048932RR0001

**Name**  
Mt. Moriah Apostolic Church (Toronto)  
Toronto 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 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**

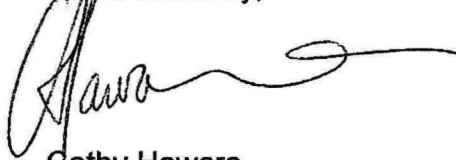
As of the effective date of revocation:



- 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 Website at [www.cra-arc.gc.ca/charities](http://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 letters dated September 29, 2011, and August 8, 2012
- Appendix "A", Comments on representation
- Appendix "B", Relevant provisions of the Act

c.c.: Mr. Kenneth Wright  
Mt. Moriah Apostolic Church (Toronto)  
135 Oakdale Road  
Toronto ON M3N 1W2



CANADA REVENUE  
AGENCY

AGENCE DU REVENU  
DU CANADA

**REGISTERED MAIL**

Mt. Moriah Apostolic Church (Toronto)  
135 Oakdale Road  
Toronto ON M3N 1W2

BN: 119048932RR0001

Attention: Ms. Andrea Campbell

File #:0786053

September 29, 2011

**Subject: Audit of Mt. Moriah Apostolic Church (Toronto)**

Dear Ms. Campbell:

This letter is further to the audit of the books and records of the Mt. Moriah Apostolic Church (Toronto) (the Organization) conducted by the Canada Revenue Agency (the CRA). The audit related to the operations of the Organization for the period from January 1, 2009 to December 31, 2009.

We have contacted the Organization by registered mail and by telephone in order to obtain information and documentation necessary to carry out our office audit. To this date, we have not been provided with the required documentation.

As a result of the Organization's unwillingness to provide the books and records, we have identified specific areas of non-compliance with the provisions of the *Income Tax Act* or its *Regulations* in the following areas based on a review of the T3010 Registered Charity Information Returns filed:

AREAS OF NON-COMPLIANCE:		
	Issue	Reference
1.	Failure to maintain adequate books and records	230(2)(a),(b) & (c), 230(4)(a) & (b), 168(1)(b) & (e)
2.	Late filing of the Registered Charity Information Return (form T3010)	149.1(14), 168(1)(c)

The purpose of this letter is to describe the areas of non-compliance identified by the CRA during the course of the audit as they relate to the legislative and common law requirements applicable to registered charities, and to provide the Organization with the opportunity to make additional representations or present additional information. Registered charities must comply with the law, failing which the Organization's registered status may be revoked in the manner described in section 168 of the Act.

The balance of this letter describes the identified areas of non-compliance in further detail.

**Identified Areas of Non-Compliance:**

**1. Failure to maintain adequate books and records**

Subsection 230(2) of the Act requires that every registered charity shall keep records and books of account at an address in Canada recorded with the Minister or designated by the Minister containing;

- (a) information in such form as will enable the Minister to determine whether there are any grounds for the revocation of its registration under this Act;
- (b) a duplicate of each receipt containing prescribed information for a donation received by it; and
- (c) other information in such form as will enable the Minister to verify the donations to it for which a deduction or tax credit is available under this Act.

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

In addition to the retention of copies of the donation receipts that subsection 230(2) explicitly requires, subsection 230(4) also states, "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 Organization has failed to provide the books and records necessary to conduct our audit. Without evidence to indicate otherwise, it is our position that the Organization's books and records have not been maintained in accordance with subsections 230(2) and 230(4) of the Act.

Under subsection 149.1(2) of the Act, the Minister may revoke the registration of the charitable organization in the manner as described at paragraph 168(1)(b) and 168(1)(e) of the Act because the registered charity has failed to comply with the requirements of the Act for its registration as such and fails to comply with or contravenes any of sections 230 to 231.5 of the Act.

## **2. Late filing of the Registered Charity Information Return (form T3010)**

Subsection 149.1(14) of the Act requires every registered charity to file a Registered Charity Information Return (form T3010), without notice or demand within six months from the end of each fiscal period. This return must be filed in the prescribed form and contain the prescribed information.

The Organization has not filed its T3010 within six months from the end of its fiscal period as summarized below:

<u><i>Fiscal Period End</i></u>	<u><i>Due Date</i></u>	<u><i>Date Filed</i></u>
2010-12-31	2011-06-30	2011-07-07
2009-12-31	2010-06-30	2010-09-30

Under subsection 149.1(2) of the Act, the Minister may revoke the registration of the charitable organization in the manner as described at paragraph 168(1)(c) of the Act because the registered charity has failed to file an information return as and when required under the Act or a regulation.

### **The Organization's Options:**

#### **a) No Response**

You may choose not to respond. In that case, the Director General of the Charities Directorate may give notice of its intention to revoke the registration of the Organization by issuing a Notice of Intention in the manner described in subsection 168(1) of the Act.

**b) Response**

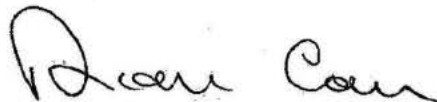
Should you choose to respond, please provide your written representations and any additional information regarding the findings outlined above **within 30 days** from the date of this letter. After considering the representations submitted by the Organization, the Director General of the Charities Directorate will decide on the appropriate course of action, which may include:

- the issuance of an educational letter;
- resolving these issues through the implementation of a Compliance Agreement;
- the application of penalties and/or suspensions provided for in sections 188.1 and/or 188.2 of the Act; or
- giving notice of its intention to revoke the registration of the Organization by issuing a Notice of Intention 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 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,



Brian Carr  
Office Audit Officer  
Compliance Division  
Charities Directorate  
Canada Revenue Agency  
Place de Ville, Tower A  
320 Queen Street, 7th floor  
Ottawa ON K1A 0L5  
Telephone: [REDACTED]  
Toll Free: 1-800-267-2384





**REGISTERED MAIL**

Mr. Muneesh Sharma  
Representative  
Mt. Moriah Apostolic Church (Toronto)  
#201 – 808 Britannia Road West  
Mississauga ON L5V 0A7

0786053

August 8, 2012

**SUBJECT: Office audit of Mt. Moriah Apostolic Church (Toronto)  
Request for additional information and documentation**

Dear Mr. Sharma:

We are in receipt of the documentation pertaining to the audit of Mt. Moriah Apostolic Church (Toronto) (the Organization), however in order to complete our audit, we require the following additional information and documentation relating to its **fiscal period ended December 31, 2009.**

**Official donation receipts**

1. The official donation receipts issued by the Organization were not issued in numerical series and thus there are many official donation receipts not accounted for. Please provide us with an explanation as to the missing official donation receipts.
2. Official donation receipt number 203 was also issued as 203B, both to different donors. Please provide us with an explanation as to why official donation receipts 203 and 203B were issued to two different donors as well as a copy of both official donation receipts.
3. Official donation receipt number 199 was also issued as 199B, both to different donors. Please provide us with an explanation as to why official donation receipts 199 and 199B were issued to two different donors as well as a copy of both official donation receipts.



4. Official donation receipt number 204 was issued twice, to two different donors. Please provide us with an explanation as to why official donation receipt 204 was issued to two different donors as well as a copy of the official donation receipt.
5. The list of official donation receipts issued in the December 31, 2009, fiscal period revealed that the Organization issued official donation receipts for the amount of \$22,270 for what appears to be donations of gift-in-kind whereas it stated on line 4000 that it did not receive donations of gift-in-kind nor did it complete Schedule 5 "Non-cash gifts".

Please provide us with a completed Schedule 5 "Non-cash gifts" (copy attached), copies of all official donation receipts issued for donations of gift-in-kind and a copy of the appraisal for each gift. If an appraisal of the gift was not completed, please provide us with the details as to how the fair market value of the gift was determined.

#### **Registered Charity Information Return (form T3010)**

6. The Organization provided its list of donations received in the December 31, 2009, fiscal period that revealed it received the amount of \$58,518.21 in donations where an official donation receipt was issued and \$3,118.00 in donations where it did not issue an official donation receipt. These amounts do not reconcile with the amounts reported on its T3010 where it reported the amount of \$38,300 on line 4500 "What is the total eligible amount of all donations for which the charity issued tax receipts (except enduring property)" and \$3,245 on line 4530 "What is the total amount of all other donations received for which a tax receipt was not issued by the charity".

Please verify the amounts reported on lines 4500 and 4530 and provide us with the appropriate amendments on the Registered Charity Adjustment Request (form T1240) (copy attached).

7. The list of donations received in the December 31, 2009, fiscal period totaled \$61,636.21 whereas the Organization reported the amount of \$63,706.97 on its list of donations. Please provide us with an explanation as to the variance in the total of donations received of \$61,636.21 versus the amount of \$63,706.97 that was reported on the list of donations.

### **Directors/Trustees and Like Officials Worksheet (form T1235)**

8. The Organization did not complete the Directors/Trustees and Like Officials Worksheet as required where it did not include the home address, City, Province, Postal Code, telephone number and date of birth of all directors/trustees. Please provide us with the omitted information on the copy of the blank T1235 (copy attached).

### **Books and records**

9. Please provide us with a copy of the Expense Ledger/Listing for the period of June 1, 2009 through June 30, 2009, detailing the Name of Vendor, Sub-total (before taxes), GST amount, Total paid, Date of payment, Payment type and cheque number.
10. The "Statement of Revenue and Expenditures" reported the amount of \$22,200 as "Rental Income". Please provide us with a detailed description and breakdown of this amount as well as a copy of any and all signed lease/rental agreements.
11. The Compliance Agreement signed on March 20, 2007, stipulated that the Organization agreed to either receive an invoice from the guest speaker or prepare the necessary T4A. For the fiscal period under audit, please provide us with a list of all guest speakers including the name(s) of the speaker, a copy of any and all invoices received from the speaker, the amount paid to each speaker and a copy of all T4A's issued.

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

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 if it fails to comply with or contravenes section 230 of the Act dealing with books and records.

The Organization must submit **all** the information and documentation outlined above within **30 days of the date of this letter** to the address below. Failure to respond within the required timeframe could potentially result in the revocation of the Organization's registered status. Also, be advised that additional information may be requested during the audit.


Please note that the confidentiality provisions of the Act restrict us to discussing the issues in this letter with an authorized representative only. Normally this would be an individual listed as a current director/trustee on the Organization's annual information return on file with the CRA.

Consequently, if there has been any change in directors/trustees of the Organization since it filed its last information return, please forward a copy of the revised directors/trustees list, signed by an authorized representative of the Organization.

If a third party is representing the Organization, we require written authorization naming the individual, signed by an authorized representative of the Organization, explicitly authorizing that individual to discuss your file with us.

Should you require further information, clarification, or assistance, please contact the undersigned at [REDACTED] or 1-800-267-2384.

Yours sincerely,



Brian Carr  
Office Audit Officer  
Compliance Division  
Charities Directorate  
Canada Revenue Agency  
Place de Ville, Tower A  
320 Queen Street, 8th floor  
Ottawa ON K1A 0L5

Attachments

**Mt. Moriah Apostolic Church (Toronto)**

Below please find:

- (1) A summary of the issues raised by the Canada Revenue Agency (CRA) in our letter of September 29, 2011;
- (2) The summary of responses provided by the Organization in its representation of October 29, 2011; and
- (3) The CRA's conclusion with respect to each issue.

**Failure to maintain adequate books and records**

**1. Issue:**

The Organization failed to provide the books and records necessary to conduct our audit. Without evidence to indicate otherwise, it is our position that the Organization's books and records have not been maintained in accordance with subsections 230(2) and 230(4) of the Act.

**2. Organization's response:**

The Organization's response dated October 29, 2011, provided a list of donations received by it, a copy of one official donation receipt and financial reports consisting of its "Statement of Revenue and Expenditures", "Statement of Assets and Liabilities" for its December 31, 2009, fiscal period and "Expenditure allocation" for an unknown period. It further requested that we contact its appointed representative for the omitted information.

**3. Conclusion:**

Our letter dated August 8, 2012, to the appointed representative requested it provide the omitted information from the Organization's response dated October 29, 2012. To date, no information has been provided.

The Organization failed to provide information in such form that will enable the CRA to verify the donations to it for which a tax credit is available under this act. Specifically:

- The official donation receipts issued by the Organization were not issued in numerical series and thus there were many official donation receipts not accounted for;
- Official donation receipt 204 was issued twice, to two different donors.



The list of official donation receipts issued reported that the Organization issued official donation receipts in the amounts of \$10,400 and \$9,870 to Kenneth Wright and [REDACTED] where it indicated "gift in kind". The Organization did not provide any information or documentation to describe and support the gifts from its President and spouse. Without evidence to indicate otherwise it is our position that the gifts donated and the issuing of an official donation receipt to Kenneth Wright and [REDACTED] are questionable.

In addition, the Organization failed to provide the documentation and information related to its expenses as requested in our letters dated July 4, 2011, and August 8, 2012. As such, it is our position that it has not maintained adequate books and records in accordance with subsections 230(2) and 230(4) of the Act.

Furthermore, the Organization has failed to implement the corrective actions stated in the Compliance Agreement signed on March 20, 2007, where pertinent documentation would be maintained for its expenditures.

Subsection 230(2) of the Act states, "Every registered charity and registered Canadian amateur athletic association shall keep records and books of account at an address in Canada recorded with the Minister or designated by the Minister containing:

- (a) information in such form as will enable the Minister to determine whether there are any grounds for the revocation of its registration under this Act;
- (b) a duplicate of each receipt containing prescribed information for a donation received by it and;
- (c) other information in such form as will enable the Minister to verify the donations to it for which a deduction or tax credit is available under this Act."

Under subsection 149.1(2) of the Act, the Minister may revoke the registration of the charitable organization in the manner described in paragraph 168(1)(b) of the Act because the registered charity has ceased to comply with the requirements of the Act for its registration as such and as described in paragraph 168(1)(e) of the Act because the registered charity has failed to comply with or contravenes any of sections 230 to 231.5 of the Act.

### **Late filing of Form T3010, Registered Charity Information Return**

#### **1. Issue:**

The Organization did not file its T3010 within six months from the end of its fiscal period as summarized below:

<i>Fiscal period end</i>	<i>Due date</i>	<i>Date filed</i>
2010-12-31	2011-06-30	2011-07-07
2009-12-31	2010-06-30	2010-09-30

#### **2. Organization's response:**

No response was received.

#### **3. Conclusion:**

Under subsection 149.1(2) of the Act, the Minister may revoke the registration of the charitable organization in the manner described at paragraph 168(1)(c) of the Act because the registered charity has failed to file an information return as and when required under the Act or a regulation.

### **Errors/omissions on the Registered Charity Information Return (form T3010)**

#### **1. Issue:**

Our review of the documentation received in the Organization's correspondence dated October 29, 2011, revealed that it did not accurately complete its T3010 for its 2009 fiscal period. Specifically:

- The Organization did not accurately report its donations on lines 4500 "What is the total eligible amount of all donations for which the charity issued tax receipts (except enduring property)" and 4530 "What is the total amount of all other donations received for which a tax receipt was not issued by the charity".

The list of donations received that was provided in the Organization's correspondence dated October 29, 2011, revealed that it received \$58,518.21 in donations where it issued an official donation receipt and \$3,118.00 in donations where it did not issue an official donation receipt

whereas it reported the amounts \$38,300 and \$3,245 on lines 4500 and 4530 of its T3010.

- The Organization did not accurately report its donations of gifts-in-kind received during its 2009 fiscal period. The list of donations received that was provided in its October 29, 2011, correspondence revealed that the Organization issued official donation receipts in the amount of \$22,270 for donations of gifts-in-kind whereas it stated on line 4000 that it did not receive donations of gifts-in-kind and did not complete Schedule 5 "Non-cash gifts" of its T3010.
- The Organization did not complete Form T1235, *Directors/Trustees and Like Officials Worksheet* as required where the worksheet did not include the home address, City, Province, Postal Code, telephone number and date of birth of all Directors/Trustees. Its correspondence dated October 29, 2011, did not provide the omitted information requested in our letter of July 4, 2011.

## **2. Organization's response:**

This area of non-compliance was revealed during our review of the information and documentation received in the Organization's correspondence dated October 29, 2011. The Organization's October 29, 2011, correspondence requested that we contact its appointed representative for the omitted information.

## **3. Conclusion:**

Our letter dated August 8, 2012, to the appointed representative requested it provide the omitted information from the Organization's response dated October 29, 2012. To date, no information has been provided.

Under subsection 149.1(2) of the Act, the Minister may revoke the registration of the charitable organization in the manner described at paragraph 168(1)(c) of the Act because the registered charity has failed to file an information return as and when required under the Act or a regulation.



## **Official donation receipts – contents**

### **1. Issue:**

Our review of the documentation received in the Organization's correspondence dated October 29, 2011, revealed that the official donation receipt issued by the Organization did not fully comply with the requirements of Regulation 3501 of the Act. Specifically, the Organization's official donation receipt was missing the following information:

- A statement that it is an official receipt for income tax purposes;
- The name of the charity as recorded with the Canada Revenue Agency;
- Complete address of the donor (omitted the postal code);
- The place or locality where the receipt was issued;
- The name and Web site address of the Canada Revenue Agency.

The prior audit conducted in 2006 revealed that the donations receipts issued by the Organization did not comply with the requirements of Regulation 3501 of the Income Tax Act as follows:

- The official donation receipts did not include the statement "Official receipt for Income Tax purposes";
- Incorrect registration number;
- Did not contain the full address and postal code of the donor;
- Did not contain the Canada Revenue Agency Web site address.

As stated in the Compliance Agreement signed on March 20, 2007, the Organization agreed to have new official donation receipts printed or made to include the omitted information.

Our findings revealed that the Organization has failed to implement the corrective actions of the Compliance Agreement signed on March 20, 2007, in that it did not ensure that its official donation receipts included the required information.

### **2. Organization's Response:**

This area of non-compliance was revealed during our review of the information and documentation received in the Organization's correspondence dated October 29, 2011.

**3. Conclusion:**

Under subsection 149.1(2) of the Act, the Minister may revoke the registration of the charitable organization in the manner described in paragraph 168(1)(d) of the Act because the registered charity has issued a receipt for a gift or donation otherwise than in accordance with the Act and the regulations or that contains false information.

**Section 149.1: [Charities]**

**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) since June 1, 1950, acquired control of any corporation; or
- (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 the registered charity has made a gift to another registered charity and it can reasonably be considered that one of the main purposes of making the gift was to unduly delay the expenditure of amounts on charitable activities;
- (b) of the other charity referred to in paragraph (a), if it can reasonably be considered that, by accepting the gift, it acted in concert with the registered charity to which paragraph (a) applies; and
- (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.

#### **Section 168: Notice of intention to revoke registration**

168(1) 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 that is or was registered as a registered charity or is an applicant for registration as a registered charity that objects to a notice under subsection (1) or any of subsections 149.1(2) to (4.1), (6.3), (22) and (23) 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.

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

Where the Minister

- (a) refuses to register an applicant for registration as a Canadian amateur athletic association,
- (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,
- (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,
- (d) refuses to issue a certificate of exemption under subsection 212(14),
- (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 applicant or the organization, foundation, association or registered charity, as the case may be, in a case described in paragraph (a) or (a.1), the applicant in a case described in paragraph (b), (d), (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.

## **Section 180: Appeals to 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),
- (b) the mailing of notice to a registered Canadian amateur athletic association under subsection 168(1),
- (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
- (c) 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
- (d) 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) applies.

#### **188(4) Idem**

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"

"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"

"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.

#### **Section 189**

##### **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 mailed 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 registered charity in respect of the charity'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 charity after the day on which the Minister first assessed that liability and before the particular time 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 total of

- (a) the consideration given by the 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, 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.