



NOV 16 2010

REGISTERED MAIL

Revival Time Ministries International  
2357 Finch Ave. West, Suite 217  
Toronto ON M9M 2W6

BN: 809767676RR0001

Attention: Daniel Mokwe

File #:03032068

**Subject:      Notice of Intention to Revoke  
Revival Time Ministries International**

Dear Mr. Mokwe:

I am writing further to our letter dated April 14, 2010 (copy enclosed), in which you were invited to submit representations as to why the registration of Revival Time Ministries International (the Organization) should not be revoked in accordance with subsection 168(1) of the *Income Tax Act*.

We have now reviewed and considered your written response dated May 28, 2010 (copy enclosed) that was faxed to our office on May 31, 2010. However, notwithstanding your reply, our concerns with respect to Revival Time Ministries International's non-compliance with the requirements of the *Income Tax Act* for registration as a charity have not been alleviated. Our position is fully described in Appendix "A" attached.

**Conclusion:**

Our audit of Revival Time Ministries International (the Organization) has identified serious non-compliance with the requirements of the *Income Tax Act*. In particular, throughout the course of the audit significant receipting discrepancies were discovered and the organization provided falsified bank statements to substantiate revenues and expenditures of the Organization.

The Organization was unable to provide a complete record of donation receipts issued. A large number of duplicate copies of receipts were either missing or not maintained. Of the receipts provided by the Organization, serious discrepancies were noted including receipts for gifts of services such as car rentals, and facility rentals. In addition, receipts were issued for food/drink expenses with no corresponding support.

The Organization reported, for the 2006 and 2007 fiscal years, charitable expenditures of \$730,663 and \$1,432,160 respectively. However, our audit was unable to confirm that any amounts were devoted to the Organization's charitable activities.

It is the view of the Canada Revenue Agency (CRA) that the Organization has improperly issued receipts for amounts greater than the amounts donated, issued receipts for transactions that do not qualify as gifts or are otherwise not in accordance with the Act and its Regulations; has failed to maintain and provide adequate records to support its activities and has provided falsified bank statements to the CRA. For all of these reasons, and for each of these reasons alone, it is the position of the CRA that the Organization's registration should be revoked.

Consequently, for each of the reasons mentioned in our letter dated April 14, 2010, I wish to advise you that, pursuant to subsection 168(1) of the Act, I propose to revoke the registration of the Organization. By virtue of subsection 168(2) of the Act, revocation will be effective on the date of publication of the following notice in the *Canada Gazette*:

*Notice is hereby given, pursuant to paragraphs 168(1)(b), 168(1)(d) and 168(1)(e) of the Income Tax Act, that I propose to revoke the registration of the organization listed below and that the revocation of registration is effective on the date of publication of this notice.*

**Business Number**  
809767676RR0001

**Name**  
Revival Time Ministries International  
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 letter dated April 14, 2010
- Your representation dated May 28, 2010
- ITR Appendix "A", Comments on Representations; and
- ITR Appendix "B", Relevant provisions of the Act

c.c. Daniel Mokwe



Juliet Mokwe



ITR APPENDIX "A"

**REVIVAL TIME MINISTRIES INTERNATIONAL**

**COMMENTS ON REPRESENTATIONS DATED MAY 28, 2010**

**1. Books and Records:**

In the representations of Revival Time Ministries International dated May 28, 2010, George Obeng of Nananom Financial Services states, "The organization is surprise to note that we did not provide him with all and inadequate documents or information where as we have a copy of the list of documents we provided and each time we provide him with such document or information he will place a tick mark indicating that he has receive the requested document or information."

We respectfully disagree with this statement. As set out below, Revival Time Ministries International (the Organization) has been provided by Canada Revenue Agency (CRA) with sufficient time to provide a complete set of books and records and to date has not fulfilled this request.

An initial meeting was scheduled for September 19, 2008 with Daniel Mokwe. On January 8, 2009 a two page audit query sheet was provided by the auditor to the Organization. A list of documents was requested and during subsequent meetings on June 5, 2009, and July 8, 2009 these documents were again requested. To date CRA still has not received the books and records for 2006 and 2007 including bank statements, cancelled cheques, deposit books and other supporting documentation. Subsequent to our requests, the Organization alleges that all of the information was stored in a rented warehouse and was sold when the Organization failed to pay the rent. We have received no creditable evidence to support this assertion and note that many of these records could have been obtained through the Organization's financial institution if desired.

The Administrative Fairness Letter (AFL) was issued to the Organization on April 14, 2010 providing 19 months between the commencement of the audit and the AFL to provide the necessary information.

The *Income Tax Act*, per subsection 230(2), 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:

- Information in such form as will enable the Minister to determine whether there are any grounds for the revocation of its registration under the Act;

- A duplicate of each receipt containing prescribed information for a donation received by it; and
- 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 the Act.

In addition, subsection 230(4) also states, "[E]very 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 is 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 audit indicated the books and records kept by the Organization were inadequate for the purposes of the Act as explained in our letter dated April 14, 2010. It is our position that the Organization has failed to comply with and has contravened section 230 of the Act. For this reason alone there are grounds to revoke the registered status of the Organization. Under the Act, failure to comply with keeping proper books and records may result in the suspension of a registered charity's tax receipting privileges or in the revocation of their registered status.

## **2. False Documents:**

In the representations of the Organization dated May 28, 2010, George Obeng of Nananom Financial Services states, *"Paragraph four, five and six of page three contain information about banking and information received from third party. You might be right but like we mentioned above the treasurer who is at the run would have been the best person to provide explanations about the concerns we all have in the paragraphs mentioned. We can only provide banking information as from December 31, 2008."*

It is apparent from the Organization's statement above that the books and records provided by the Organization are inadequate. It appears that the bank statements provided have been altered and did not reflect the actual transactions made by the Organization. Clearly this is an egregious non-compliance issue which has not been satisfactorily explained by the Organization.

Our concerns, with respect to the false documents provided by the Organization have not been alleviated. As explained in our letter dated April 14, 2010, the Act, as per subsection 230(2), requires every registered charity to keep information in such form as will enable CRA to verify the donations to it.

It is our position that the Organization has failed to comply with and has contravened section 230 of the Act. For this reason, there are grounds for revocation of the charitable status of the Organization.

### **3. Official Donation Receipts:**

In the representations of the Organization dated May 28, 2010, George Obeng of Nananom Financial Services states, *"Paragraph 5 of page 6 states that the organization issued receipts to pay for expenses incurred by volunteers on behalf of the organization. This is not true as the receipts issued are or were for individual or organizations who contributed cash or kind to the organization."*

Our concerns with respect to the Organization's donation receipts including the issuance of false receipts have not been alleviated. The law provides various requirements with respect to the issuing of official donation receipts by registered charities. These requirements are contained in Regulations 3500 and 3501 of the Act and are described in some detail in Interpretation Bulletin IT-110R3, *Gifts and Official Donation Receipts*.

The audit revealed that donation receipts issued by the Organization do not comply with the requirements of Regulation 3501 of the Act and IT-110R3 as explained in our letter dated April 14, 2010. It is our position that the Organization has failed to exercise any control over or demonstrate its on-going due diligence to ensure receipts issued complied with the Act and as such, were issued for valid gifts. As noted in our letter of April 14, 2010, charitable donation receipts were issued for car rental expenses, facility rentals, musical equipment rentals, awards and gifts and food/drinks with no documentation to support the issuance of these receipts. It is also apparent that there are large discrepancies between the information on the donation receipts and the information within the books and records. The donation receipts indicate that only cash was received whereas the books and records show a combination of cash and gifts-in-kind with no corresponding support.

It is our position that the Organization issued receipts for transactions that do not qualify as gifts at law. For this reason alone there are grounds for revocation of the charitable status of the Organization under paragraph 168(1)(d) of the Act.



REGISTERED MAIL

Revival Time Ministries International  
2357 Finch Ave West, Suite 217  
Toronto ON M9M 2W8

BN: 809767676 RR0001  
File No: 03032068

Attention: Daniel Mokwe

April 14, 2010

**Subject: Audit of Revival Time Ministries International**

Dear Mr. Mokwe:

This letter is further to the audit of the books and records of Revival Time Ministries International (the Organization) by the Canada Revenue Agency (the CRA). The audit related to the operations of the Organization for 2006 and 2007 fiscal years.

At our meeting of July 9, 2009, you were advised that the CRA has identified specific areas of non-compliance with the provisions of the *Income Tax Act* (the ITA) and/or its *Regulations*. The specific areas of non-compliance identified are:

<b>AREAS OF NON-COMPLIANCE:</b>	
<b>Issue</b>	<b>ITA References</b>
1. Failure to Maintain Adequate Books and Records	149.1(2), 168(1)(e), 230(2)
2. Failure to Devote Resources to Charitable Activities	149.1(1)
3. Issuing Receipts Not in Accordance with the ITA	Regulation 3501, 118.1, 149.1(2), 168(1)(d)

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. In order for a registered charity to retain its registration, legislative and common law compliance is mandatory, absent which the Minister of National Revenue (the Minister) may apply penalties and/or suspensions provided for in subsections

188.1 and/or 188.2 of the ITA. The Minister may also 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 ITA.

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

**Identified Areas of Non-Compliance:**

**1. Books and Records:**

The ITA, per subsection 230(2), 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:

- Information in such form as will enable the Minister to determine whether there are any grounds for the revocation of its registration under the ITA;
- A duplicate of each receipt containing prescribed information for a donation received by it; and
- 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 the ITA.

In addition, 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 is 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".

Pursuant to subsection 149.1(14) of the ITA, every registered charity must, within six months from the end of the charity's fiscal period (taxation year), without notice or demand, file a Registered Charity Information Return (T3010) with financial statements and the applicable schedules. It is the responsibility of the charity to ensure the information recorded on the T3010, financial statements and schedules, is factual and complete in every respect. A charity is not meeting its requirement to file a T3010 if it fails to exercise due care with respect to ensuring the accuracy thereof.

The CRA requested the Organization to make available its records for the audit period; however, the CRA was not provided with complete or accurate records to support the activities and amounts reported on the T3010 and financial statements filed. The CRA began requesting the Organization's records on September 10, 2008 and issued four more follow-up requests for the records yet to be provided over a course of 12 months<sup>1</sup>. The Organization repeatedly stated the records were forthcoming or with its accountant; however, during this timeframe and to date, complete and accurate records were not provided. The Organization subsequently represented that all of its records, for 2006

<sup>1</sup> In addition to written requests, the CRA also requested the documents while working at the Organization and in numerous telephone conversations.

and 2007 were stored in a warehouse, of which the contents were sold when the Organization failed to pay arrears rent. We acknowledge that the Organization has provided some documents supporting the rental of a warehouse, yet the Organization has not demonstrated that it attempted to replace the records that were purportedly sold<sup>2</sup>. We also find this subsequent submission contradictory to previous statements made in that the Organization's records were stored on a computer and lost due to a computer malfunction and note that the submission of the records being sold came only after our repeated attempts to obtain the Organization's records.

Included in the records not provided by the Organization were its bank statements. The Organization provided copies of some bank statements purportedly issued by the TD Bank of Canada, Royal Bank of Canada (RBC) and Scotiabank yet a review of the statements provided revealed serious discrepancies. We also have serious and legitimate concerns that the bank statements provided were manufactured for the purpose of our audit.

During our meetings with the Organization, it stated it had bank accounts with TD Canada Trust, RBC and Scotiabank; that its Finance Committee counted all weekly deposits; that it received, on average, \$80,000/week in cash; that its accountant maintained copies of the donation envelopes; and that a portion of the cash collected was used for petty cash with the remainder deposited into the Organization's bank accounts. The Organization provided copies of some bank statements for each of the accounts and we have identified, via third party confirmation, the following extremely serious concerns:

- A Scotiabank statement provided by the Organization for July 2006 shows total deposits (revenue) \$144,772, transfers outside Canada of \$124,710 and four big cheques of \$28,700. By comparison, statements obtained via third party confirmation record five deposits totalling \$371.11 during the same month and no transfers outside Canada or cheques issued. A similar occurrence was identified between the August 2006 statement provided by the Organization and that obtained by the CRA via third party confirmation<sup>3</sup>.
- The Organization provided RBC statements for eleven months starting with May 2007 with an opening balance of \$33,421 to March 2008 with a closing balance of \$147,212. The statements recorded numerous large deposits, wire transfers and cheques each month. Of the records the Organization did provide, a copy of a December 2008 RBC statement was included showing an overdrawn (negative balance) of \$730.35. It is our opinion this statement is a factual RBC bank statement of the Organization. RBC has confirmed that an account existed for the Organization but that it was closed in 2008.
- The Organization provided TD Canada Trust statements. The statements provided by the Organization show deposits (revenue) for the period November 30, 2008 to December 31, 2008 of \$127,295 compared to the statement obtained by the CRA showing deposits (revenue) for the period November 28, 2008 to December 31, 2008 of \$418.95 which was an NSF cheque. We also noted discrepancies, such as font style and statement periods, aside from the transactions, opening and closing balances, between the two statements.

<sup>2</sup> Records such as bank statements, copies of cancelled cheques/money orders/wire transfers and the like could have been obtained from the Organization's financial institution.

<sup>3</sup> The August 2006 statement provided by the Organization shows a deposit (revenue) of \$194,132, transfers of \$210,570 outside of Canada and cheques issued for \$52,341. Statements obtained by the CRA show one deposit of \$182.39 and two cash withdrawals totalling \$360.00.

Additionally, we found no evidence of a Finance Committee or that \$80,000 in cash received weekly. We also obtained a statement from the Organization's alleged accountant who informed the CRA that he is not an accountant nor has he provided accounting services to the Organization. The alleged accountant identified by the Organization did state that he assisted Mr. Mokwe in preparing the 2007 T3010 but that he did not retain, nor was provided with, any records of the Organization.

The Organization has stated that it sent a substantial amount of money outside Canada and provided documents purported to be money transfer slips to support the amounts purportedly transferred outside Canada. The documentation provided also purportedly reconciles to the bank statements provided by the Organization. In 2006 and 2007, the Organization reports activities outside of Canada of \$536,957 and \$1,079,804 respectively. The Organization failed to provide any other documentation supporting the transfer of funds such as the programs it was funding outside Canada, reports confirming the receipt of funds and use of funds in programs conducted by the Organization or by an agent of the Organization.

The Organization reports 20 transfers of funds totalling \$336,455 between August 2005 and March 2007 and provided documents for the transfers. The transfers ranged from \$300 to \$40,890. The transfer documents record Mr. Daniel M. Mokwe as the ordering customer on all of them. Our review of the documents provided reveal that the bank's name and logo were missing; that most transfers were done at branch number 0335 of the Toronto-Dominion Bank (TD Bank); and that the name of the bank, Toronto-Dominion Bank, was recorded as the bank despite the fact that the bank is known as and operates under the name of TD Canada Trust. The financial institutions noted above have confirmed that no such transfers existed in the accounts held by the Organization. As such, it appears these documents were manufactured for the purposes of our audit and to possibly support the amount reported on the T3010 filed.

The Organization has also provided additional documentation to purportedly support the receipt and shipment of medical equipment and supplies overseas; to support in-kind donations received; and to support the expenditures reported. Our review of the documents provided reveal invoices/contracts issued in names other than the Organization, shipping documents which do not correspond to the goods purportedly shipped and letters from donors which appear altered. Our review of the documents provided reveal goods with a value of \$7,580 could have been donated to the Organization and included in the shipments the Organization claims to have undertaken. Per above, between the wire transfer documents and this alleged gift of medical equipment, the Organization has not substantiated that it has distributed over \$1.5 million in cash and property overseas.

The Organization also provided other invoices to support some of the expenditures reported on its T3010; however, as per above, we have serious concerns about the legitimacy of these documents. The invoices provided are undated, unsigned, contain the name of other entities, appear altered and so forth. As such, we cannot accept these invoices as support for the expenditures reported on the T3010. The Organization also provided a cash flow summary statement in electronic and paper format which allegedly ties into the T3010 and financial statements filed but also the bank statement and wire transfer documents provided. Our review of the cash flow statements indicate they were prepared for the purposes of our audit and are unsupported by other verifiable source documentation.

We find the above serious violations of the ITA warranting revocation of the Organization's registered charity status. We have also considered issuing a Notice of Suspension to the Organization

under paragraph 188.2(2)(a); however, given the seriousness of the non-compliance identified, we feel revocation is warranted. Registered charities and their directors may also be subject to third party civil penalties. Effective June 29, 2000, third parties are subject to civil penalties for making misrepresentations with respect to tax matters that could result in their clients making false statements or omissions on their returns which include overstating the fair market value of a property donated.

As per above, our third party verification has revealed that the bank statements and money transfer slips provided appear to have been manufactured for the purposes of our audit to support the amounts reported on the T3010 and financial statements. It appears the Organization has issued official donation receipts for cash and in-kind goods received, yet the Organization is unable to substantiate that this property was used by the Organization. In the absence of such information, we are lead to believe the property either did not exist or was appropriated.

Under paragraph 168(1)(e) of the ITA, the Minister may, by registered mail, give notice to the charity that the Minister proposes to revoke its registration because it fails to comply with or contravenes section 230 of the ITA dealing with books and records. It is our position Revival Time Ministries International has failed to comply with and has contravened section 230 of the ITA. For this reason, it appears to us there may be grounds for revocation of the charitable status of Revival Time Ministries International.

## **2. Failure to Devote Resources to Charitable Activities**

In order to satisfy the definition of a "charitable organization" pursuant to subsection 149.1(1) of the ITA, "charitable organization" means an organization, "all the resources of which are devoted to charitable activities".

To qualify for registration as a charity under the ITA, an organization must be established for charitable purposes that oblige it to devote all its resources to its own charitable activities. This is a two-part test. Firstly, the purposes it pursues must be wholly charitable and secondly, the activities that a charity undertakes on a day-to-day basis must support its charitable purposes in a manner consistent with charitable law. Charitable purposes are not defined in the ITA and it is therefore necessary to refer, in this respect, to the principles of the common law governing charity. An organization that has one or more non-charitable purposes or devotes resources to activities undertaken in support of non-charitable purposes cannot be registered as a charity.

The Organization was registered effective July 1, 2006 to "To preach the Gospel of the Lord Jesus Christ in accordance with the Bible, all over the World; To licence and ordain ministers and missionaries of the Gospel for the furtherance of the work of the organization in accordance with the bylaws; To educate and lead the people in the ways of salvation, goodness, righteousness, morality and temperance as taught in the Bible through world conference which shall be held in different parts of the World as will be agreed by the Board of Directors; To carry on other activities which are ancillary and incidental to [its] objectives; Alleviate poverty in third world countries through African Rural Community Development project which will provide these different community with health centres, free medication and macro-projects; Establish Schools and Universities in order to assist with Morals into the community; and Establish Bible Institutes to help Men and Women wit a calling to serve God".

During the course of our audit, we recognized that the Organization has devoted some of its resources to charitable activities such as worship services, seminars and conferences; however, due to the inadequate and contradictory records provided, we are unable to establish what resources have been devoted to these charitable activities. Of the \$730,663 and \$1,432,160 reported as total charitable expenditures in 2006 and 2007 respectively, our audit was unable to determine the amounts spent on charitable activities or the percentage of resources devoted to such activities in furtherance of the purposes for which the Organization was registered. Per above, the Organization has failed to provide sufficient documents to support the \$536,957 and \$1,079,804 in expenditures incurred outside Canada.

Furthermore, at our initial meeting of September 19, 2008, the Organization stated that it was accepting gifts-in-kind and shipping them to many countries. While this activity could be charitable, it does appear to be outside the Organization's registered objects. Additionally, due to the inadequate records provided, we are unable to determine if the activity is charitable and the Organization's role in the receipt and distribution of these in-kind goods. The Organization has not been able to substantiate its direction and control over the collection, shipment and distribution of these gifts-in-kind. The Organization has also been unable to substantiate its direction and control over the distribution of funds transferred overseas.

The ITA permits registered charities to carry out its charitable purposes both inside and outside Canada in only two ways:

- It can make gifts to other organizations that are on the list of qualified donees set out in the ITA. Qualified donees include Canadian registered charities, certain universities outside Canada, the United Nations and its agencies and a few foreign charities; and
- It can carry on its own activities. In contrast to the relatively passive transfer of money and other resources involved in the making of gifts to qualified donees, carrying on one's own activities implies that the Canadian charity is an active and controlling participant in a program or program that directly achieves a charitable purpose.

In order to give meaning and effect to the ITA, a charity must continue to meet all of its obligations whether the activities are undertaking directly, through an agency agreement or through any other arrangement. Notwithstanding the manner in which a charity chooses to meet its obligations, it must provide documentation or other tangible evidence to substantiate that it met the requirements of the ITA with respect to direction and control of its resources.

The existence of an agreement is only one example of evidence required to show that a sufficient principal-agent relationship truly exists. Through documented evidence, the charity must demonstrate that actual events transpired which prove the existence of a principal-agent relationship. Thus, the charity must maintain and provide the CRA with a means of examining the internal decision making mechanisms within the charity's own structure through records such as board meeting minutes, internal communications, policies, procedures, and so forth that demonstrate the charity is the directing and controlling mind behind the activities. In addition, the charity must be able to provide documentation it received from its agent showing, that throughout the term of the agreement, the agent reported back to the charity in a manner and frequency that allows the charity to make informed decisions about the activities the agent is conducting on its behalf.

Under paragraph 168(1)(b) of the ITA, the Minister may, by registered mail, give notice to the charity that the Minister proposes to revoke its registration because it ceases to comply with the

requirements of the ITA for its registration as such. It is our position Revival Time Ministries International has failed to comply with and has contravened section 149.1(1) of the ITA. For this reason, it appears to us there may be grounds for revocation of the charitable status of Revival Time Ministries International.

### **3. Official Donation Receipts:**

The law provides various requirements with respect to the issuing of official donation receipts by registered charities. These requirements are contained in Regulations 3500 and 3501 of the ITA and are described in some detail in Interpretation Bulletin IT-110R3 *Gifts and Official Donation Receipts*.

The audit revealed that donation receipts issued by the Organization do not comply with the requirements of Regulation 3501 of the ITA and IT-110R3 as follows:

- Receipts issued for gifts appear to have been issued in excess of the cash actually received and in excess of the in-kind property's factual fair market value [IT-10R3 Paragraph 15(e)]. Our audit revealed that the donation receipts issued note only cash was received yet additional information was presented that in-kind property was also donated.
- Regulation 3501 of the ITA requires receipts to bear a unique serial number, receipts to be issued in sequential order and for the Organization to account for all the serial numbers issued. Charities are expected to guard against the unauthorized use, loss or theft of official donation receipts. We reviewed the duplicate donation receipts provided and found that the Organization failed to comply with Regulation 3501 as receipts were not issued in sequential order and duplicate receipts were missing.
- The Organization has issued receipts in lieu of payment or reimbursement of expenses and for services purportedly rendered to it. During the audit period, the Organization issued over \$15,000 in car rental expenses, \$6,500 for facility rentals and \$15,700 for food/drinks expenses to various individuals. While it is acceptable for a registered charity to reimburse volunteers for expenses incurred on behalf of the charity, a charity cannot simply issue an official donation receipt to a volunteer *in lieu* of reimbursing the expenses nor can a charity issue a donation receipt to acknowledge services contributed by a volunteer. Contributions of services, that is, of time, skills or efforts, are not property, and therefore they do not qualify as gifts for purposes of issuing official donation receipts. Accordingly, a charity cannot issue an official donation receipt for services rendered free of charge. Additionally, a charity cannot issue an official donation receipt for the payment of expenditures.

In our view, the Organization has failed to exercise any control over or demonstrate its on-going due diligence to ensure receipts issued complied with the ITA and as such, receipts were not issued for valid gifts. As a result of the incomplete, inadequate and possibly manufactured records provided to support the donations reported it has been determined that the resulted donations receipts were overstated and they are misrepresented in that they showed that cash was received whereas the books and records failed to support the donations reported.

Under paragraphs 168(1)(d) of the ITA, the Minister may, by registered mail, give notice to the registered charity that the Minister proposes to revoke its registration if it issues a receipt otherwise than in accordance with the ITA and the Regulations. It is our position the Organization issued receipts for transactions that do not qualify as gifts at law and has issued receipts otherwise than in accordance with the ITA. For this reason, there appears to be grounds for revocation of the charitable status of Revival Time Ministries International under paragraph 168(1)(d) of the ITA.

**The Organization's Options:**

**a) No Response**

You may choose not to respond. In that case, the A/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 ITA.

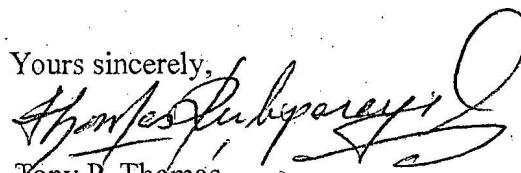
**b) Response**

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

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,



Tony P. Thomas  
Verification and Enforcement Division  
Kitchener Tax Services Office

Address: 166 Frederick Street  
Kitchener, ON N2G 4N1