



Revenue
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The Ken Campbell Evangelistic Association
and The Golden Horse-Shoe Christian Youth Centre Inc.
P.O. Box 100
Milton, Ontario
L9T 2Y3

Your file Votre référence

19151 & 28090
Our file Notre référence
400 Cumberland Street
Room 5004
Ottawa, Ontario
K1A 0L8

Attention: **Mr. Ken Campbell**
President

MAY 16 1996

Dear Mr. Campbell:
THE GOLDEN HORSE-SHOE CHRISTIAN YOUTH CENTRE INC.
Re: **THE KEN CAMPBELL EVANGELISTIC ASSOCIATION**

We are writing further to your attendance at our office on February 26, 1996 and additional representations submitted April 19, 1996 by Mr. George Smith, which addressed both groups named above.

We must advise that your representations do not alleviate our concerns. In fact, your submissions have raised additional concerns respecting the extent to which the two charities are involved in political advocacy activities, in addition to partisan politics. The following discussion outlines the basis for our new concerns.

As indicated in our letter of September 19, 1995, subsection 149.1(6.2) of the *Income Tax Act* (the *Act*) permits a charitable organization to devote some of its resources to non-partisan political activities provided that such political activities are ancillary and incidental to its charitable activities and that substantially all of its resources are dedicated to charitable activities carried on by it. The Department accepts the test that substantially all of a charitable organization's resources be devoted to charitable activities is met where ninety percent thereof are so devoted. Accordingly, a charitable organization may devote up to ten percent of its resources to ancillary and incidental political activities of a non-partisan nature.

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The courts have established that activities which are designed essentially to sway public opinion on political issues or matters of public policy are political in the sense understood at law. These types of activities include the following:

1. presenting publications, conferences, workshops which are intended to express support for the charity's views on political issues and matters of public policy;
2. placing advertisements in newspapers, magazines or on television or radio designed to attract interest in, or gain support for, a charity's position on political issues and matters of public policy;
3. public meetings or lawful demonstrations that are organized to publicize and gain support for a charity's point of view on matters of public policy and political issues; and,
4. organizing mailing campaigns where a charity asks its members or the public to write to the media and government expressing support for the charity's views on political issues and matters of public policy.

The fact that such activities are carried out by an organization with charitable objectives does not make the nature of the activity less political.

Background

As discussed with you, the audit results indicated that the activities of The Ken Campbell Evangelistic Association (the "Association") were taken over by The Golden Horse-Shoe Christian Youth Centre Inc. (the "Centre") in April, 1992. We understand that these same activities were transferred back to the Association approximately February, 1995. You have stated that the primary activities of the Association for its March 31, 1996 fiscal year end are its publications as submitted and the organization of evangelistic rallies.

You have submitted three copies of the newsletter *Liberation*, published by The Ken Campbell Ministries. The publications have been attributed to the charity which has been carrying out activities during the applicable date of publication.

The Association

The following points cumulatively suggest to us that the Association is devoting in excess of ancillary and incidental resources to political advocacy activities and has allowed its resources to be used for partisan politics:

- The Association publishes the newsletter *Liberation*. The Spring, 1996 Edition supports the activities of Renaissance Canada, Inc. on behalf of Canada's "Civilized Majority." The publication also states that "in conjunction with the Rallies for Renewal, we'll be forming "Civilized Majority" Committees to present the Civilized

Majority Petition for National Renewal to local Boards of Education and the Ministers of Education as well as to municipal and provincial governments and finally to our federal government."

The position taken in the "Civilized Majority" advertisements of Renaissance Canada Inc. indicate that the Association is using its resources to benefit Renaissance Canada Inc., a non-qualified donee, for political advocacy activities.

- We have reviewed the statement summary from the Association respecting the account of Renaissance Canada, Inc. We find this summary confusing because the account receivable on the most recently filed *1995 T3010 Return* for the Association does not indicate a receivable from Renaissance Canada, Inc.; however, the December 31, 1994, balance sheet for the Centre does indicate of balance owing of \$107. The account also does not detail what these charges represent. However, the statement summary indicates consistent increases in the outstanding balance from January 1994 to April, 1996, with no repayment being made. Although the amount involved is relatively small, it seems that the charity is funding a non-qualified donee.
- We note that the publication ...*A Letter from Prison* by Linda Gibbons cost the Association \$750.00 in 1996 and may not in and of itself represent more than 10% of the resources of the Association. However, this publication, together with other resources devoted to Choose Life, would also be considered in evaluating the extent to which the Association is devoting its resources to political advocacy activities.
- The fact that the receivable of \$12,091 from The Social Credit Party of Canada (the "Party") has remained outstanding since the March 31, 1993 year end leads us to believe that the Association has and will continue to use its resources for partisan politics. We also note that this receivable is the only significant asset of the Association and that the Association was in a deficit position of \$153,887 as of March 31, 1995. When this is coupled with the fact that the Association did not spend any funds on charitable activities for its fiscal years ending March 31, 1993 and March 31, 1994, we believe that the Association's resources devoted to political activities are paramount.

Based on the current information in our file, it would appear that the Association has devoted resources to political activities which are not merely ancillary and incidental and that some of these resources have also been devoted to partisan politics. This would support a conclusion that the Association has not devoted all of its resources to charitable activities as required pursuant to subsection 149.1 of the *Act*.

The Centre

The following points cumulatively suggest to us that the Centre is devoting in excess of ancillary and incidental resources to political advocacy activities and has allowed its resources to be used for partisan politics:

- You have submitted two copies of the publication *Liberation* which would have been published by the Centre: the *Liberation* Christmas 1994-95 Edition and Spring 1995 edition. The former publication endorses the Christian Freedom Social Credit Party on page 8, and The Christian Freedom Party of Canada on pages 13 and 14. In addition, a substantial portion of the publication endorses the advocacy activities of Renaissance Canada Inc.

A significant portion of the Spring, 1995 publication (Pages 11 through 15) promote the advocacy activities of Renaissance Canada Inc. In addition, the Christian Freedom Party of Canada is also supported on Page 11 and page 5 refers to former Toronto Mayors Sewell and Eggleton. Your publications also indicate that the Rallies for Renewal are activities which support the political advocacy of Renaissance Canada, Inc.

- The most recent *T3010 Charity Information Return* which we have on file for the Centre is for the year ending December 31, 1994. The only publication submitted which would relate to this period is the aforementioned 1994-95 Christmas-New Year's edition of *Liberation*. As indicated above, a significant portion of this publication supports political advocacy activities. For 1994 the Centre's direct expenditures for publications totalled \$33,416 (postage and mailing of \$13,213 and printing and stationary \$20,203), which constitutes 26% of total expenditures. Other publication costs would be a proportionate share of office expenses and salaries and benefits.
- With respect to the amount receivable from the Party in the amount of \$1,268 as of December 31, 1994, the fact remains that the Centre has consistently allowed its resources to be used for partisan political activities.
- You indicated during our meeting of February 16, 1996 that the Party had been invoiced for any advertisements placed in the publication *Liberation*. We understand that the Centre published the Christmas 1994-95 Edition and the Christmas 1993-94 Edition, both of which support the Party. However, your representations of April 19, 1996, state that no invoices have been issued to any Party.

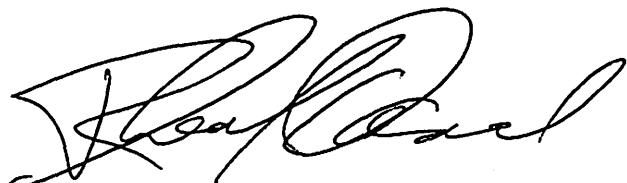
Based on the current information in our file, it would appear that the Centre has devoted resources to political activities which exceed ancillary and incidental activities and that some of these resources have also been devoted to partisan politics. As a

result, one could conclude that the Centre has not devoted all of its resources to charitable activities as required pursuant to subsection 149.1 of the *Act*.

We would ask that you provide, within 21 days from the date of this letter, any additional representations as to why the registration of either the Centre or the Association should not be revoked for these reasons.

Subsequent to this date, the Director, Charities Division, will decide whether or not to proceed with the issuance of a notice of intention to revoke the registrations of the Association and the Centre in the manner described in subsection 168(1) of the *Act*.

Yours sincerely,



Rhéal Dorval, CGA
Assistant Director
Audit Section
Charities Division