



REGISTERED MAIL

Sandra Simans
President
1atatime Rescue Society
2919 Georgia Street East
Vancouver BC V5K 2K5

BN: 829312479 RR0001
File #: 3031818

NOV 14 2018

Dear Sandra Simans:

**Subject: Notice of intention to revoke
1atatime Rescue Society**

We are writing with respect to our letter dated January 10, 2018 (copy enclosed), in which 1atatime Rescue Society (the Organization) was invited to respond to the findings of the audit conducted by the Canada Revenue Agency (CRA), and explain why the registration of the Organization should not be revoked in accordance with subsection 168(1) of the Income Tax Act.

We have reviewed and considered your written response dated March 1, 2018. Your reply has not alleviated our concerns with respect to the Organization's failure to devote resources to charitable activities, failure to maintain adequate books and records, and failure to file on time and accurately complete the T3010, Registered Charity Information Return. Our concerns are explained below.

The response received on March 1, 2018, included some additional documents and an explanation about the British Columbia Society for the Prevention of Cruelty to Animals (BC SPCA) and the BC Farm Industry Review Board. The Organization has not demonstrated its activities related to animal welfare are not contrary to the law and how it would implement changes to correct its non-compliance with the Act. As previously raised in our letter dated January 10, 2018, the CRA has serious reservations as to the capacity of the Organization to carry out charitable activity relating to animal welfare.

It is our position that the Organization's response has not adequately addressed the specific non-compliance issues of having purposes or activities that are contrary to the law; failing to devote its resources to charitable activity; and failing to provide a public benefit. As a result, our position is that the Organization has failed to meet the requirements of subsection 149.1(1) of the Act that it devote substantially all of its resources to charitable activities carried on by the Organization itself, and there are grounds for revocation of its charitable status under paragraph 168(1)(b) of the Act.

Although additional documentation for expenditures was submitted for review, the records were not complete and could not be reconciled to the Organization's reporting periods. While the Organization has accepted responsibility for not keeping adequate books and records, the Organization's representations do not specifically detail steps it will take to address what and how it would maintain adequate books and records other than stating that they will take CRA's suggestions and instructions seriously and follow the correct protocol moving forward.

The Organization has not alleviated CRA's concerns with respect to the Organization's failure to maintain adequate books and records relating to the lack of internal controls; inadequate documentation; issuing receipts not in accordance with the Act and/or its Regulation; and lack of meeting minutes regarding decisions made by the board of directors. Therefore, it remains the CRA's position the Organization's charitable status should be revoked under paragraph 168(1)(d) and 168(1)(e) of the Act.

The Organization did not fully address the non-compliance issue of filing the T3010, Registered Information Charity return, on time and accurately in their representations. Therefore, the Organization has not alleviated the CRA's concerns and it remains our position that the Organization's charitable status should be revoked under paragraph 168(1)(c) of the Act.

Conclusion

The audit by the CRA found that the Organization is not complying with the requirements set out in the Act. In particular, it was found that the Organization failed to devote resources to charitable activities; failed to maintain adequate books and records; and failed to file an information return as and when required by the Act. 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 for charitable registration and should be revoked in the manner described in subsection 168(1) of the Act.

For each of the reasons mentioned in our letter dated January 10, 2018, pursuant to subsection 168(1) and 149.1(2) of the Act, we 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), and subsection 149.1(2), of the Income Tax Act, that I propose to revoke the registration of the charity listed below and that by virtue of paragraph 168(2)(b) thereof, the revocation of registration is effective on the date of publication of this notice in the Canada Gazette.

Business number
829312479RR0001

Name
Iatitime Rescue Society
Vancouver BC

Should the Organization choose 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, with 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 90 days from the date this letter was mailed. As such, the Organization's registration will be revoked on the date of publication, unless the CRA receives an objection to this notice of intention to revoke within this timeframe.

A copy of the relevant provisions of the Act concerning revocation of registration, including appeals from a notice of intention to revoke registration, can be found in Appendix A, attached.

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) and 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 Form T2046, 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. The relevant provisions of the Act concerning the tax applicable to revoked charities can also be found in Appendix A. Form T2046 and the related Guide RC4424, Completing the Tax Return Where Registration of a Charity is Revoked, are available on our website at **canada.ca/charities-giving**;
- c) the Organization will no longer qualify as a charity for purposes of subsection 123(1) of the Excise Tax Act. As a result, the Organization may be subject to obligations and entitlements under the Excise Tax Act that apply to organizations other than charities. If you have any questions about your Goods and Services Tax/Harmonized Sales Tax (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, we advise that subsection 150(1) of 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,



Tony Manconi
Director General
Charities Directorate

Enclosures

- CRA letter dated January 10, 2018
- The Organization's representations dated March 1, 2018
- Appendix A, Relevant provisions of the Act

c.c.: Douglas Hunter



Richard Williams





CANADA REVENUE
AGENCY

AGENCE DU REVENU
DU CANADA

REGISTERED MAIL

Iatitime Rescue Society
2919 E Georgia St
Vancouver BC V5K 2K5

Attention: Sandra Simans

BN: 829312479 RR0001

File #: 3031818

January 10, 2018

Subject: Audit of Iatitime Rescue Society

Dear Ms. Simans,

This letter results from the audit of Iatitime Rescue Society (the Organization) conducted by the Canada Revenue Agency (CRA). The audit related to the operations of the Organization for the period from April 1, 2014 to March 31, 2016.¹

The CRA has identified specific areas of non-compliance with the provisions of the *Income Tax Act* and/or its *Regulations* in the following areas.

AREAS OF NON-COMPLIANCE		
	Issue	Reference
1.	Failure to devote resources to charitable activities	149.1(1), 168(1)(b)
2.	Failure to maintain adequate books and records a) Lack of internal controls b) Inadequate documentation c) Issuing receipts not in accordance with the Act and/or its Regulation d) Meeting minutes	149.1(2), 168(1)(b), 168(1)(d), 168(1)(e), 230(2), Regulations 3500 and 3501
3.	Failure to file on time and accurately complete the T3010 <i>Registered Charity Information Return</i>	149.1(2), 149.1(14) 168(1)(c), 188.1(6)

This letter describes the areas of non-compliance identified by the CRA relating to the legislative and common law requirements that apply to registered charities, and offers the Organization an

¹ The audit encompassed an enquiry into all aspects of the Organization's operations. Activities conducted before and after the audit period may have also been considered to assess ongoing and current compliance.

opportunity to respond and present additional information. The Organization must comply with the law; if it does not, its registered status may be revoked in the manner described in section 168 of the Act.

General legal principles

In order to maintain charitable registration under the Act, Canadian law requires that an organization demonstrate that it is constituted exclusively for charitable purposes (or objects) and that it devotes its resources to charitable activities carried on by the organization itself in furtherance thereof. To be exclusively charitable, a purpose must fall within one or more of the following four categories (also known as “heads”) of charity² and deliver a public benefit:

- relief of poverty (first category);
- advancement of education (second category);
- advancement of religion (third category); or
- certain other purposes beneficial to the community in a way the law regards as charitable (fourth category).

The public benefit requirement involves a two-part test:

- The first part of the test requires the delivery of a **benefit** that is recognizable and capable of being proved, and socially useful. To be recognizable and capable of being proved, a benefit must generally be tangible or objectively measurable. Benefits that are not tangible or objectively measurable must be shown to be valuable or approved by the common understanding of enlightened opinion for the time being. In most cases, the benefit should be a necessary and reasonably direct result of how the purpose will be achieved and of the activities that will be conducted to further the purpose, and reasonably achievable in the circumstances. An assumed prospect or possibility of gain that is vague, indescribable or uncertain, or incapable of proof, cannot be said to provide a charitable benefit.
- The second part of the test requires the benefit be directed to the public or a sufficient section of the public. This means a registered charity cannot:
 - have an eligible beneficiary group that is negligible in size, or restricted based on criteria that are not justified based on the charitable purpose(s); or
 - provide an unacceptable private benefit. Typically, a private benefit is a benefit provided to a person or organization that is not a charitable beneficiary, or to a charitable beneficiary that exceeds the bounds of charity. A private benefit will usually be acceptable if it is incidental, meaning it is necessary, reasonable, and not disproportionate to the resulting public benefit.³

² The Act does not define charity or what is charitable. The exception is subsection 149.1(1) which defines charitable purposes/objects as including “the disbursement of funds to qualified donees”. The CRA must therefore rely on the common law definition, which sets out four broad categories of charity. The four broad charitable purpose/object categories, also known as the four heads of charity, were outlined by Lord Macnaghten in *Commissioners for Special Purposes of the Income Tax v Pemsel*, [1891] AC 531 (PC) [Pemsel]. The classification approach was explicitly approved of by the Supreme Court of Canada in *Guaranty Trust Co of Canada v MNR*, [1967] SCR 133, and confirmed in *Vancouver Society*, supra note 4.

³ For more information about public benefit, see CRA Policy Statement CPS-024, *Guidelines for Registering a Charity: Meeting the Public Benefit Test*.

A charitable activity is one that directly furthers a charitable purpose, which requires a clear relationship and link between the activity and the purpose it purports to further. If an activity is, or becomes, a substantial focus of an organization, it may no longer be in furtherance of a stated purpose. Instead, the activity may further, or even form, a separate or collateral purpose. An organization with a collateral non-charitable purpose is ineligible for registration under the Act.

The CRA must be satisfied that the Organization's purposes are exclusively charitable in law, and that its activities directly further these charitable purposes in a manner permitted under the Act. To ascertain this, the current audit included a review of all the aspects of the Organization's activities, programs, books, records, and financial affairs.

Background of the Organization

The Organization was incorporated under the *British Columbia Society Act* on July 25, 2005, with the name *Latatime Rescue Society*. During the registration process, the Organization submitted the following purposes:

- a. To initiate and support partnerships and cross-border relationships with animal rescue organizations to rescue animals in danger of being euthanized in high-kill shelters and other life-threatening situations;*
- b. To support and network with local animal rescue organizations to assist animals in danger of being euthanized;*
- c. To find suitable homes for animals that have been rescued from life threatening situations;*
- d. To educate the public on the plight of animals in life threatening situations;*
- e. To advocate for changes in laws to abolish euthanization of adoptable animals."*

At the time of application, the Organization was advised that its purposes were not exclusively charitable and recommendations were provided. The Organization amended its stated purposes effective May 22, 2006 to remove purposes a, b and e. and to read:

- "c. To find suitable homes for animals that have been rescued from life threatening situations*
- d. To educate the public on the plight of animals in life threatening situations."*

Its intended activities were to operate a rescue and placement program for homeless and abandoned animals. The CRA granted charitable registration effective May 30, 2006 on the understanding that the Organization will not undertake any activities beyond those described in the application for charitable registration, unless it received prior approval to do so from CRA.

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

Identified areas of non-compliance

1. Failure to devote resources to charitable activities

Pursuant to subsection 149.1(1) of the Act, a registered charity is required to devote all of its resources to charitable activities carried on by the organization. To comply with this requirement, a registered charity may only use its resources for charitable activities undertaken by the charity itself (usually carried out using its own staff or volunteers, or through an intermediary), or for gifting to “qualified donees.”

Referencing guidance CG-011 *Promotion of animal welfare and charitable registration*,⁴ according to common law, a purpose is only charitable when it provides a benefit to the public (or a sufficient segment of the public). In the context of animal welfare, the courts have determined that promoting the welfare of animals provides an intangible moral benefit to humanity in general. As a result, the very act of showing kindness to animals in need of assistance or care satisfies the public benefit requirement under common law.

Charitable activities that could promote the welfare of animals may include, but are not limited to, the following types of activities:

- operating an animal rescue service
- maintaining a sanctuary for aging, dangerous, displaced, unhealthy, or former farm animals
- protecting the environment, such as by preserving an ecosystem and its wildlife
- monitoring the transportation of animals such as companion or agricultural animals

Relieving the suffering of animals generally means eliminating or minimizing pain, injury, or distress, or helping an animal recover from pain, injury, distress or abuse.

A charity that relieves suffering may seek to minimize any pain, injury, or distress felt by animals as a result of harm caused by others that is legally considered to be necessary or justifiable. Any harm a charity may cause to an animal in the course of relieving suffering must be legal and only for the purpose of relieving or minimizing greater pain or injury. If an organization harms animals in a way that is not legal, or that does not actually relieve suffering, this may be an activity that does not further a charitable purpose. For example, if a rescue center consistently took in more animals than it had the resources to care for properly, this activity might cause more suffering than it relieves. In such a case, the CRA may decide that the organization’s activity, regardless of its intent, is not relieving suffering in a way the courts have decided is charitable.

It is the responsibility of charities that care for animals to familiarize themselves with relevant federal and provincial legislation, as well as any municipal bylaws regarding animal welfare, to make sure that their purposes and activities comply with the law.

⁴ See <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities/policies-guidance/promotion-animal-welfare-charitable-registration.html> for further information.

Audit Findings

During our conversations, the Organization stated the activities which accomplish its objectives include the care of animals such as adoption of animals, and providing assistance and resource information for pet owners regarding veterinary needs/spay/neuter. However, in recent years, the Organization became more of a sanctuary and provided respite care for animals with special needs and behavioural issues that no one wanted.

The Organization had been subject to three seizures by the British Columbia Society for the Prevention of cruelty to animals (BC SPCA), the society that is responsible for the enforcement of the province's Prevention of Cruelty to Animals Act (PCAA) and is mandated to prevent and relieve animals from situations of cruelty, neglect and distress. The first seizure occurred on June 13, 2012, where 68 animals were removed and were eventually returned to the Organization. The second seizure took place on September 19, 2016, where 88 animals were removed; and the third seizure took place on March 20, 2017, where 17 animals were removed. None of the animals from the last two seizures were returned to the Organization.

The Organization appealed the review decisions related to the last two seizures with the British Columbia Farm Industry Review Board (BCFIRB), who hears appeals about the decisions made by the BC SPCA. In both cases, the Organization lost the appeal.

The appeal decision dated December 2, 2016, by the BCFIRB⁵ concerning the return of the animals removed on September 16, 2016, resulted in a decision where the BC SPCA be permitted to keep all the animals it removed and the Organization be held liable to pay the amount of \$81,235.50 to the BC SPCA for reasonable care costs.

The appeal decision dated May 24, 2017, by the BCFIRB⁶ concerning the return of four of the 17 animals removed on March 20, 2017, resulted in a decision where the animals in dispute would not be returned to the Organization and the Organization be held liable to pay the amount of \$4,159.84 to the BC SPCA for reasonable care costs.

A review of the preceding decisions by the BCFIRB raises concerns about the Organization's activity. Specifically, the following points are noted from the above appeals:

- Of the 88 animals that were seized on September 19, 2016, three of the animals were deemed in critical distress and were euthanized. It was observed that some of the animals were the same ones that were seized in 2012 that had been returned. The BC SPCA officer determined that Ms. Simans failed in her legal duty to relieve the animals of distress after rescuing them, and also failed to care for them such that they would be protected from circumstances likely to cause distress once they were in her care. It was concluded that BC SPCA was justified and acted appropriately in removing the animals on the basis that they were in distress.

⁵ http://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/organizational-structure/boards-commissions-tribunals/bc-farm-industry-review-board/animal-custody/pcaa-appeal-decisions/2016_dec_02_simans_v_bcspeca_decision.pdf

⁶ http://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/organizational-structure/boards-commissions-tribunals/bc-farm-industry-review-board/animal-custody/pcaa-appeal-decisions/2017_may_24_simans_v_bcspeca_decision.pdf

- The veterinarian who attended the seizure of September 19, 2016 observed that many of the animals were emaciated, lacking in basic hygiene, infected with fleas and tapeworms, and suffering from dental, skin and apparent diseases. As a group, the animals were deprived of veterinary care, as well as adequate space and shelter.
- The BC SPCA officer found that Ms. Simans had not done enough to prevent the animals from suffering while in her care, noting that she had not adequately investigated why they were thin despite some of them being emaciated; did not follow the advice of veterinarians she consulted about certain animals; was not capable or willing to relieve the animals of the distress from which they had begun to be rehabilitated while in the BC SPCA's care; and it was found that she had failed to act in the best interests of the animals as a group.
- Of the 17 animals seized on March 20, 2017, the appeal was filed for only four animals to be returned which the removals were deemed to be valid and justified. It was concluded that they were all in distress, that their removal was appropriate and that they would likely and foreseeably return to situations of distress if they were returned.

CRA only administers tax law, and cannot enforce federal, provincial, or territorial animal cruelty laws, or municipal animal cruelty laws. Since the BC SPCA is responsible for enforcement of the province's PCAA, the information and the outcome of the decisions by the BCFIRB related to the seizures conducted by the BC SPCA were considered. As concluded in the decisions that the animals were in distress and were appropriately taken, it is CRA's position that the Organization has purposes or activities that are contrary to the law; failed to devote its resources to charitable activity; and has failed to provide a public benefit.

Accordingly, it is our position that the Organization has failed to meet the requirements of subsections 149.1(1) of the Act that it devote substantially all of its resources to charitable activities carried on by the Organization itself. For this reason it appears there may be grounds for revocation of the charitable status of the Organization under paragraph 168(1)(b) of the Act.

2. Failure to maintain adequate books and records of accounts

Pursuant to subsection 230(2) of the Act, 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 "Every person required by this section to keep records and 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 a period as is prescribed;
- 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 end of the last taxation year to which the records and books of account relate.”

The policy of the CRA relating to the maintenance of books and records, and books of account, is based on several judicial determinations and the law, which have held that:

- i. it is the responsibility of the registered charity to prove that its charitable status should not be revoked;⁷
- ii. a registered charity must maintain, and make available to the CRA *at the time of an audit*, meaningful books and records, regardless of its size or resources. It is not sufficient to supply the required documentation and records subsequent thereto,⁸ and
- iii. the failure to maintain proper books, records, and records of account in accordance with the requirements of the Act is itself sufficient reason to revoke an organization’s charitable status in the case of material or repeated non-compliance.⁹

Keeping adequate books and records is essential to the administration of a charity, allows the CRA to verify donations made to a charity and ensures proper use of charitable resources. The Organization’s books and records must substantiate that it is devoting all of its resources to its own charitable activities, as per subsection 149.1(1) of the Act.

Audit Findings

a. Lack of internal controls

The Board of Directors are the stewards of the organization, and as such are responsible to direct the organization in accordance with all applicable laws as well as develop and maintain systems of internal control for accounting and financial reporting. The board is responsible for safeguarding the organization’s charitable assets from undue risk of loss, detecting or preventing fraud, minimizing excessive administrative expenses and the risks of any misstatement in the financial reporting. It must ensure that sufficient internal controls exist for the maintenance of the accounting records; the selection and application of accounting policies and procedures; and the segregation of duties.

The Organization stated that the President, Ms. Sandra Simans was solely responsible for all aspects relating to the Organization’s receipting and expense functions. This included:

- Access and control over the Organization’s financial records and bank accounts
- Receiving and controlling funds

⁷ See *Canadian Committee for the Tel Aviv Foundation*, 2002 FCA 72 at paras 26-27, [2002] 2 CTC 93.

⁸ *Canadian Committee for the Tel Aviv Foundation*, 2002 FCA 72 at para 39, [2002] 2 CTC 93. Furthermore, failing to comply with the requirements of section 230 of the Act by refusing to make documents available can lead to a fine and imprisonment, in addition to the penalty otherwise provided. See subsection 238(1) of the Act.

⁹ See *Preseient Foundation v MNR*, 2013 FCA 120 at para 51, [2013] FCJ no 512.

- Issuing payments for expenses as incurred
- Preparation and issuance of Official Donation Receipts.

The Organization lacks sufficient internal controls and segregation of duties as further demonstrated by the inadequacy of the books and records as follows:

- The Organization could not confirm whether its records were complete. The Organization stated that some of its documents were either taken, destroyed or misplaced. It was unclear how the records were maintained and how the Organization's daily bookkeeping was conducted.
- There was no revenue or expense listing to determine or reconcile the amounts reported on the T3010 return. The invoices provided for review could not be reconciled and were not complete.
- The Organization did not maintain exact duplicates of all official donation receipts issued. Only one donation receipt was provided for review which did not match the total amount reported on the T3010 return.
- The Organization received donations through CanadaHelps. However, it could not be verified whether the Organization accounted or reported these amounts as records were not made available.
- The Organization indicated that on many occasions, its directors and close friends were asked to put forth personal funds to cover expenses, however the revenue reported on the T3010 return did not support this explanation. Expenses paid by directors and other individuals who did not receive reimbursements or a donation receipt, for which the Organization recorded the amount as an expenditure, is considered revenue and should be reported as such.

The Organization has not put in place checks and balances to detect errors or misappropriation thereby placing the Organization at risk. The segregation of duties was non-existent because the President, Ms. Sandra Simans handled and carried out all the operations of the Organization. There was no oversight over the control and the maintenance of the books and records as well as the issuance and the general supervision of donation receipting. The board may have neglected to meet its fiduciary duties in safeguarding the Organization's assets by not engaging in or providing adequate oversight over its activities.

b. Inadequate documentation

During the audit period, the following concerns were identified:

- The Organization could not confirm whether their records were complete, where their records were located and how the Organization's daily bookkeeping was conducted. The Organization provided explanations stating that due to the recent seizures by BC SPCA, it was incapable to provide or locate all its records for the audit period.
- Contracts and agreements to support the adoption program were not made available, thus the Organization was unable to substantiate all its resources were devoted to its own charitable activities.
- A listing of donors and official donation receipts issued did not exist. The one donation receipt provided could not be reconciled to the amount reported on the T3010 return.

- The Organization did not maintain exact duplicates of all official donation receipts issued.
- In reviewing the decision by the BCFIRB dated May 24, 2017, paragraph 56 states, “*Ms. Simans was asked about her record keeping and documentation for the care the animals received. Ms. Simans admitted she had not made a practice of doing this, although she stated she had commenced better record keeping since the March 20, 2017 seizure. No evidence of this record keeping was produced.*”
- The Organization indicated it does not possess any credit cards and did not use the bank account held [REDACTED]. However, a review of the invoices provided by the Organization demonstrates that several purchases were made by a debit card or credit card.
- The Organization has reported revenue from different sources such as gifts to the society, fundraisers, adoption fees, and gifts in kind. However, records were not provided to verify the accuracy of the amounts reported or support how the amounts were determined. Furthermore, the Organization boarded animals for a set fee but has not accounted for or reported these amounts.
- The Organization has reported expenses for travel and vehicle, bank and interest expense, office expense, and pet food and veterinary expense. However, the Organization did not provide a listing or summary of the expenditures.
- During the appeals review, the Organization had indicated that some of the animals seized did not belong to the Organization. Without adequate documentation, the CRA cannot accurately confirm or determine whether expenses reported are personal or for charitable purposes.

c. Issuing receipts not in accordance with the Act and/or its Regulations

Regulation 3501 of the Act identifies specific information that must appear on every donation receipt issued by a qualified donee, which includes a registered charity.

During the audit period, the Organization provided only one receipt for review in the amount of \$107.64 issued on May 11, 2015. Per requirements of Regulation 3501, the receipt did not contain a statement that it is an “*official receipt for income tax purposes*”.

The Organization did not maintain a listing of tax receipts which has been issued during the audit period. Without adequate books and records, there is no assurance that all receipts which had been issued, had been correctly accounted for and reported.

d. Meeting minutes

Subsection 149.1(1) of the Act requires that registered charities devote their resources to their charitable activities. The board of directors have a duty to direct the organization to further the objects of the organization. The meeting minutes from the board of director meetings are key records that demonstrate the board’s commitment, direction and work towards fulfilling the Organization’s objects.

The audit revealed that the Organization did not maintain any meeting minutes because they were informal in nature. Without details or records of discussions about the activities of the

Organization, it is difficult to determine if the board was actively engaged with directing activities of the Organization and the appointment of the board of directors. Recording of the meeting minutes (whether formal or informal) helps demonstrate that the board is directing the programming and activities. Maintaining these records as part of the Organizations books and records, will enable the Minister to verify whether the Organization has been using its resources to administer its own charitable activities.

In absence of adequate books and records, the CRA cannot determine the accuracy or reliability of the information reported.

Under paragraph 168(1)(e) of the Act, the registration of a charity may be revoked if it fails to comply with or contravenes subsection 230(2) of the Act dealing with books and records. It is our position that the present case consists of material non-compliance.¹⁰ For this reason, it appears to us that there are grounds for revocation of the charitable status of the Organization under paragraph 168(1)(e) of the Act.

3. Failure to file on time and accurately complete the T3010 *Registered Charity Information Return*

Pursuant to subsection 149.1(14) of the Act, every registered charity must, within six months from the end of the charity's fiscal period (taxation year), without notice or demand, file a T3010 *Registered Charity Information Return* with the applicable schedules.

It is the Organization's responsibility to ensure that the information reported in its T3010 *Registered Charity Information Return*, schedules and statements are factual and complete. A charity is not meeting its requirement under the Act to file an information return if it fails to accurately report its activities and transactions.

A review of the Organization's past five returns filed shows it has not filed its returns on time as required. The Organization's fiscal year end is March 31, due September 30.

2017-03-31 Over due

2016-03-31 received 2017-01-19 (111 days overdue)

2015-03-31 received 2016-01-25 (117 days overdue)

2014-03-31 received 2015-01-26 (118 days overdue)

2013-03-31 received 2014-01-30 (122 days overdue)

For the period ended March 31, 2016, the following errors and omissions were noted:

- the Organization reported it issued a total of \$250 in tax receipts; however, a listing of receipts issued to confirm this amount was not provided
- Line 4950 *Total expenditures* \$6,636 did not total lines 4860 \$0; 4810 \$1,435; and 4920 \$0. The Organization reported on Line 5100 *Total expenditures* of \$8,071; therefore, the Organization incorrectly reported \$6,636 on line 4950 instead of Line 4920 *All other expenditures*.

¹⁰ The failure to maintain proper books, records, and records of account in accordance with the requirements of the Act is itself sufficient reason to revoke an organization's charitable status in the case of material or repeated non-compliance. See *Prescient Foundation v MNR*, 2013 FCA 120 at para 51, [2013] FCJ no 512.

- The Organization reported gifts in kind (GIK) sold under the revenue section. However, schedule 5 was not completed to report details of the GIK donated to the Organization during the period.

The public and donors rely on the information reported on the T3010 return in understanding an organization's operation; therefore, the information reported on the T3010 must be complete and accurately reports the activity for the period.

Under subsection 168(1)(c) of the Act, the registration of a charity may be revoked if it fails to file a charity information return when required under the Act. It is our position the Organization has failed to comply with the Act by failing to file an accurate T3010 and on time. For these reasons, there may be grounds to revoke the registered status of the Organization under paragraph 168(1)(c) of the Act.

The Organization's options:

a) No response

The Organization may choose not to respond. In that case, the Director General of the Charities Directorate may issue a notice of intention to revoke the registration of the Organization in the manner described in subsection 168(1) of the Act.

b) Response

If the Organization chooses to respond, send written representations and any additional information regarding the findings outlined above **within 30 days** from the date of this letter to the address below. After considering the response, the Director General of the Charities Directorate will decide on the appropriate course of action.

The possible actions include:

- no compliance action;
- issuing an educational letter;
- resolving the issues through a Compliance Agreement;
- applying penalties or suspensions or both, as described in sections 188.1 and 188.2 of the Act; or
- issuing a notice of intention to revoke the registration of the Organization in the manner described in subsection 168(1) of the Act.

If the Organization appoints a third party to represent it in this matter, send us a written request with the individual's name, the individual's contact information, and explicit authorization that the individual can discuss the file with us.

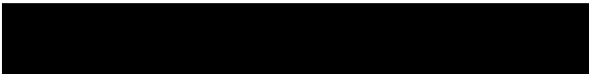
If you have any questions or require further information or clarification, please do not hesitate to contact me at 250-363-8670. My team leader, Sherri Davis, may also be reached at 250-363-3128.

Sincerely,



Thuy Le, CPA, CGA
Audit Division
Vancouver Island Tax Services Office

Cc. Douglas Hunter
Richard Williams



Telephone: (250) 363-8670
Fax: (250) 363-3000
Vancouver Island Tax Services
1415 Vancouver Street
Victoria BC

Mailing Address:
Vancouver Island Tax Services Office
c/o 9755 King George Boulevard
Surrey BC V3T 5E1

Internet : www.cra-arc.gc.ca

Services fiscaux de l'Île de Vancouver
1415, rue Vancouver
Victoria, C-B

L'adresse postale :
Services fiscaux de l'Île de Vancouver,
A/S 9755 Aut. King George
Surrey, C-B V3T 5E1

Thuy Le
Audit Division
Vancouver Island Tax Services
9755 King George Boulevard
Surrey, B.C. V3T 5E1



Canada Revenue Agency
Surrey

Canada Revenu Agency	Agence du revenu du Canada
MR. #1 Vancouver Island Tax Services	Service-fiscal de l'île de Vancouver

Attention Ms. Le;

I have sent you what we have in the way of receipts etc. As indicated in previous conversations, the actions of the BC SPCA resulted in the loss and damage of a portion of our paperwork.

I have also included some additional pages for you to review. As you have referred to the BC SPCA in your communications and seem to have put great importance on their comments regarding our rescue, I feel compelled to share some basic information.

While we recognize that the BC SPCA currently has the contract to enforce the PCA Act, we believe that this does not mean that they are above reproach themselves. I sued the BC SPCA for their conduct in 2012 and they were found to be guilty of defamation. Since that time, the BC SPCA has had what can only be called, "a hate on" for myself. This has resulted in their overstepping their boundaries and sadly getting away with it due to their title. This had been disturbing to us because it has far reaching affects on a group such as ours working hard to make a difference in our community and assist animals in need.

As you review the paperwork, you will see some documents from our veterinarians that indicate that the animals that we removed from our premises, in fact were healthy and had seen the vet.

The current system in place is flawed, giving the BC SPCA "Carte Blanc", and the body in place to review their conduct, "The BC Farm Industry Review Board" does not provide for any individuals with a background in veterinary medicine or animal care, so they are left to choose between the BC SPCA and their flashy presentations, and a defendant and their veterinary info. Just as you have given great weight on the words of the BC SPCA, so does the B.C. Farm Industry Review Board, leaving many defendants feeling violated and misunderstood.

It is our hope you will review this paperwork with an open mind.

We are hard working, and as we have indicated, put in a lot of our own resources to provide for the animals in need. While the paperwork may not be to the standard you require, it has been in past years. We ask for your grace and for you to educate

as apposed to legislate. We will take your suggestions and instruction seriously and follow the correct protocol moving forward.

Best regards



Sandra Simans

1atatime Rescue Society

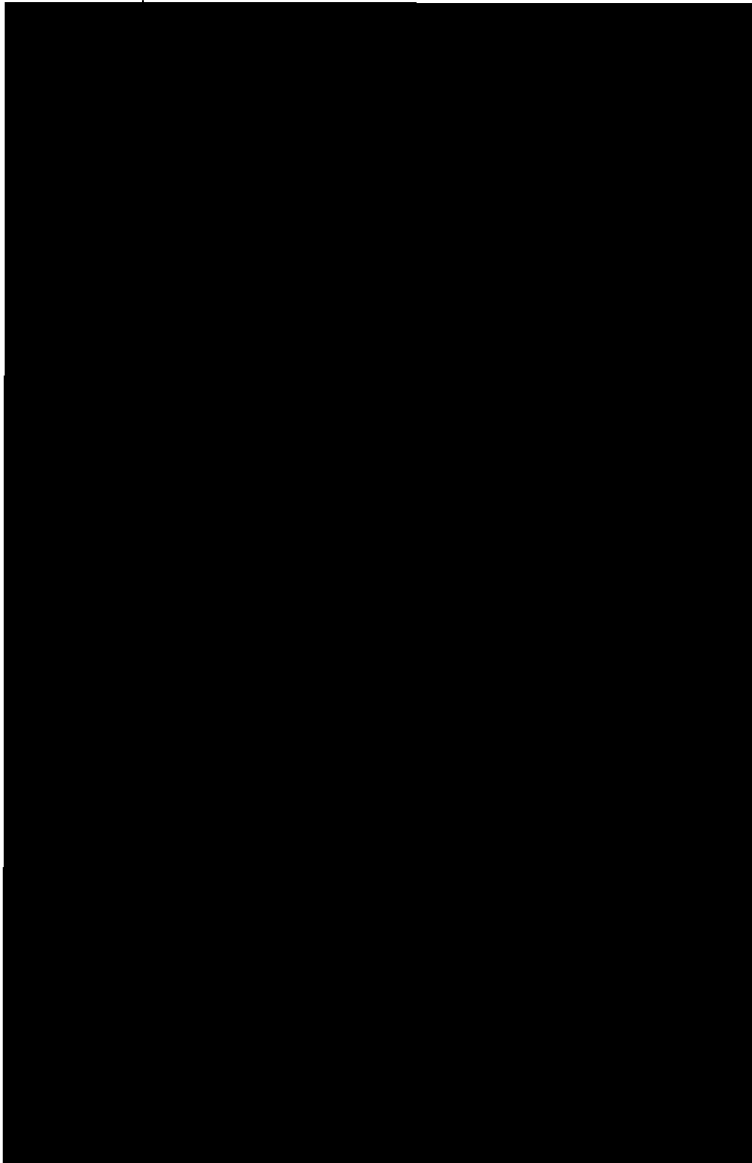
Please return the receipts when you complete review. Thank you.

[REDACTED]
[REDACTED]
1ATATIME RESCUE SOCIETY
2919 EAST GEORGIA STREET
VANCOUVER
BC V5K 2K5

DAILY BANKING
ACCOUNT SUMMARY

OPENING BALANCE ON 01 MAY 2014	TOTAL WITHDRAWALS	TOTAL DEPOSITS	CLOSING BALANCE ON 31 MAY 2014
1.24	299.80	301.13	2.57

WITHDRAWALS	DEPOSITS	BALANCE
		1.24
	50.00	51.24
40.00		11.24
5.81		5.63
1.05		4.58
3.99		0.59
	26.13	26.72
15.74		10.98
5.79		5.19
4.20		0.99
	120.00	120.99
11.74		109.25
2.93		106.32
11.22		95.10
9.99		85.11
5.47		79.64



WITHDRAWALS	DEPOSITS	BALANCE
10.92		68.72
8.40		60.32
7.10		53.22
11.20		42.02
3.07		38.95
18.34		20.61
4.51		16.10
9.99		6.11
5.00		1.11
	5.00	6.11
4.65		1.46
	100.00	101.46
5.17		96.29
16.45		79.84
7.95		71.89
14.51		57.38
5.19		52.19
1.05		51.14
6.10		45.04
38.50		6.54
3.97		2.57

WITHDRAWALS	DEPOSITS	BALANCE
		5.40

OPENING BALANCE

Note: Shares are not insured by the Credit Union Deposit Insurance Corporation.

Please review your statement and report any errors or omissions to us within 30 days of the statement date. If we don't hear from you within 30 days, this statement will be considered correct.





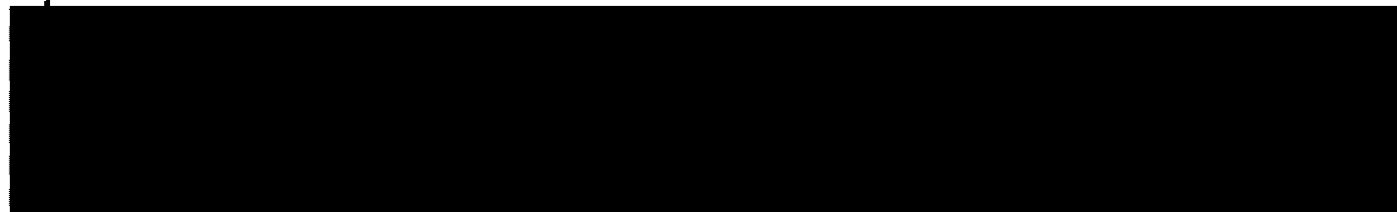
WITHDRAWALS DEPOSITS BALANCE

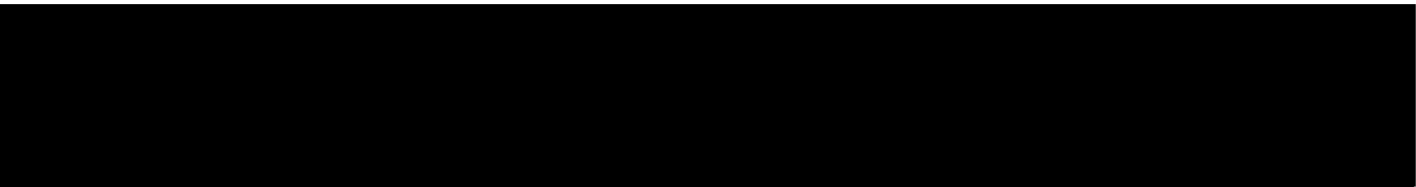
OPENING BALANCE


5.50

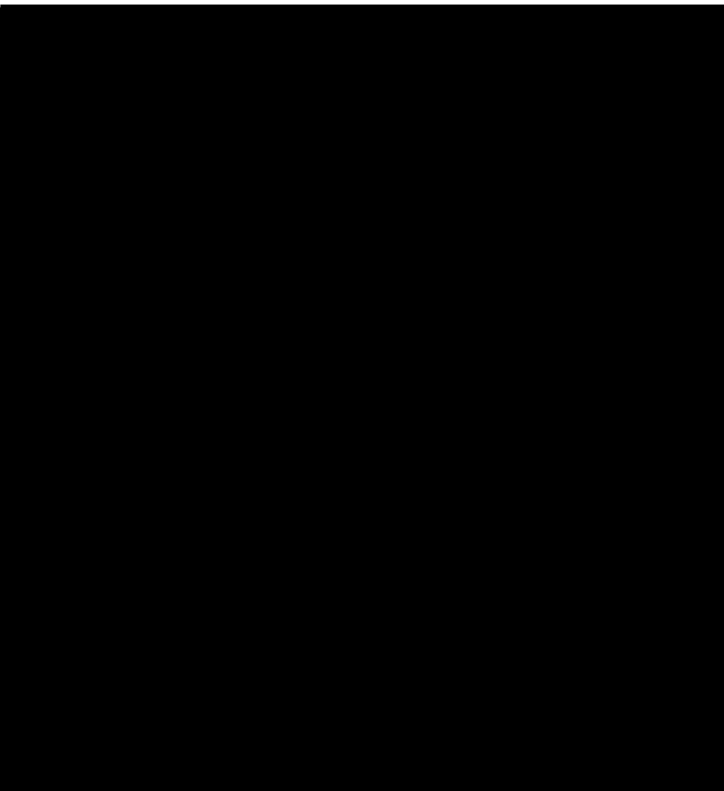
Note: Shares are not insured by the Credit Union Deposit Insurance Corporation.

Please review your statement and report any errors or omissions to us within 30 days of the statement date. If we don't hear from you within 30 days, this statement will be considered correct.

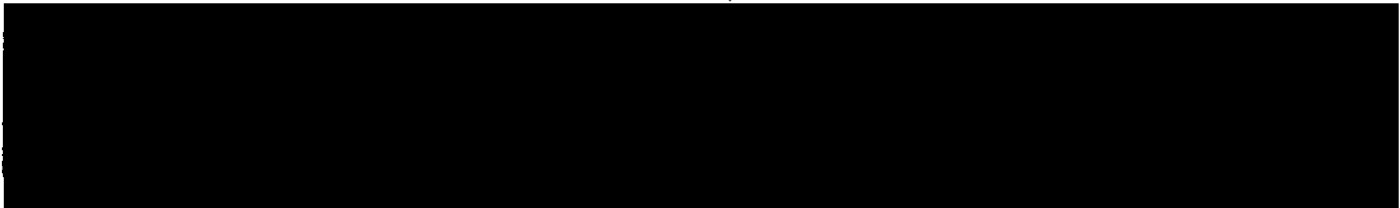





LATATIME RESCUE SOCIETY
2919 EAST GEORGIA STREET
VANCOUVER
BC V5K 2K5



OPENING BALANCE ON 01 SEP 2014	TOTAL WITHDRAWALS	TOTAL DEPOSITS	CLOSING BALANCE ON 30 SEP 2014
0.80	115.92	118.00	2.88
	WITHDRAWALS	DEPOSITS	BALANCE
			0.80
		40.00	40.80
	15.00		25.80
	9.82		15.98
	6.64		9.34
	8.70		0.64
		25.00	25.64
	20.78		4.86
	1.98		2.88
		53.00	55.88
	53.00		2.88



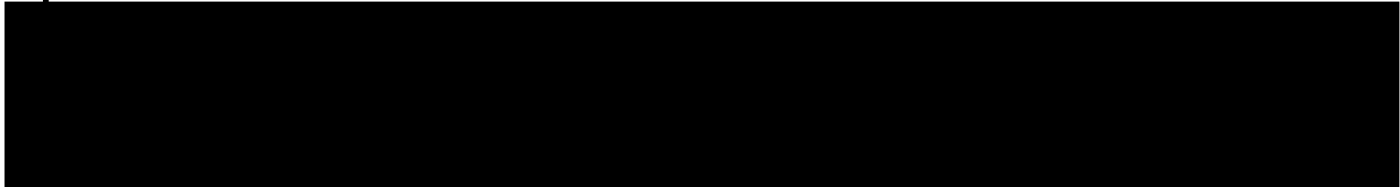


WITHDRAWALS DEPOSITS BALANCE

5.40

Note: Shares are not insured by the Credit Union Deposit Insurance Corporation.

Please review your statement and report any errors or omissions to us within 30 days of the statement date. If we don't hear from you within 30 days, this statement will be considered correct.



Contains 100% Post-Consumer Fibre



1ATATIME RESCUE SOCIETY
2919 EAST GEORGIA STREET
VANCOUVER
BC V5K 2K5



OPENING BALANCE ON 01 OCT 2014	TOTAL WITHDRAWALS	TOTAL DEPOSITS	CLOSING BALANCE ON 31 OCT 2014
2.88	0.00	0.00	2.88

WITHDRAWALS	DEPOSITS	BALANCE
		2.88

WITHDRAWALS	DEPOSITS	BALANCE
		5.40

Note: Shares are not insured by the Credit Union Deposit Insurance Corporation.

Please review your statement and report any errors or omissions to us within 30 days of the statement date. If we don't hear from you within 30 days, this statement will be considered correct.

[REDACTED]
[REDACTED]
1ATATIME RESCUE SOCIETY
2919 EAST GEORGIA STREET
VANCOUVER
BC V5K 2K5

DAILY BANKING

OPENING BALANCE ON 01 DEC 2015	TOTAL WITHDRAWALS	TOTAL DEPOSITS	CLOSING BALANCE ON 31 DEC 2015
354.06	733.23	380.00	0.83

WITHDRAWALS	DEPOSITS	BALANCE
		354.06
350.00		4.06
	50.00	54.06
18.96		35.10
23.20		11.90
10.00		1.90
	20.00	21.90
8.99		12.91
6.62		6.29
	40.00	46.29
39.15		7.14

[REDACTED] (CONT.)

DATE	DESCRIPTION	WITHDRAWALS	DEPOSITS	BALANCE
			120.00	127.14
		3.82		123.32
		6.00		117.32
		61.36		55.96
		25.00		30.96
		25.00		5.96
			40.00	45.96
		14.98		30.98
		6.60		24.38
		3.88		20.50
			20.00	40.50
		15.00		25.50
		2.00		23.50
		1.44		22.06
			50.00	72.06
		36.87		35.19
		3.93		31.26
		6.61		24.65
			40.00	64.65
		31.35		33.30
		15.59		17.71
		16.88		0.83

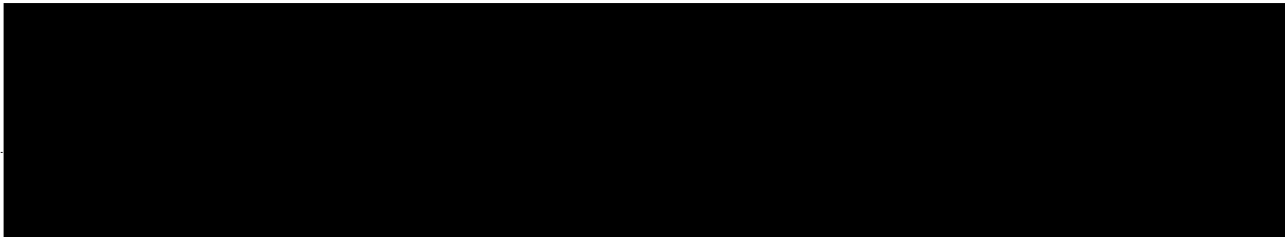
DATE	DESCRIPTION	WITHDRAWALS	DEPOSITS	BALANCE
				5.80

Note: Shares are not insured by the Credit Union Deposit Insurance Corporation.

Please review your statement and report any errors or omissions to us within 30 days of the statement date. If we don't hear from you within 30 days, this statement will be considered correct.



Contains 100% Post-Consumer Fibre



FOR: Sandy Simans
 2919 East Georgia street
 Vancouver, BC V5K2K5

Printed: 02-22-18 at 11:38p
 Date: 10-05-14



Date	For	Qty	Description	Price	Discount	Price
10-05-14	Fozzie	1	Cefazolin injection (Small)*			29.50
10-05-14		21	Apo - Cephalexin 250 mg*			27.45
10-05-14		1	Catheterization, Urinary*			54.50
10-05-14		1	DR. NOTES*			0.00
10-05-14		1	Prescription Writing Fee*			16.60
10-05-14		1	Phenobarbitol injection*			29.50
10-05-14		8	Inj Diazepam 5mg/mL #155*			19.50
10-04-14		1	Blood Collection*			29.80
10-04-14		1	CBC*			87.89
10-04-14		1	Chemistry Screen*			116.40
10-05-14		1	IV Fluids Bundle*			0.00
	Items used...	1	IV Extension Set 32" 2 sites			
		1	Sodium Chloride 0.9% 500 ml			
		1	Lactated Ringer Solution 500ml			
		1	IV Set Angel 10 Drops/ml 103" 2 ports			
		1	IV Set Angel 60drops/ml 103" 2 ports			
10-05-14		1	Catheter Placement*			52.00
10-05-14		1	IV set up , ext. set, PRN*			68.20
10-05-14		1	1000ml NaCl/Plasma-Lyte/LRS/Nor*			38.50
10-05-14		1	Pump use/Maintenance*			33.20
10-05-14		1	ICU 1 (fluids/monitoring)*			95.00
10-05-14		3	Diazepam Injection (Large)*			106.50
10-05-14		2.50	Phenobarbital Inj (120 mg/ml)*			55.15
10-05-14		1	Hospitalization half day (up to 12 hr)*			109.80
Services by						
10-04-14		1	Emergency Fee*			75.00
10-04-14		1	Consultation*			65.00
			Total charges, this invoice...			1109.49
			G.S.T....			*55.47
			P.S.T....			*0.00
			Total, this invoice...			1164.96

Your old balance... -700.00
Total payment(s) received... 464.96
10-05-14 Visa payment 464.96
Your new balance... 0.00

Patient	Total charges
Fozzie	1109.49

Fozzie's weight history (in kg)

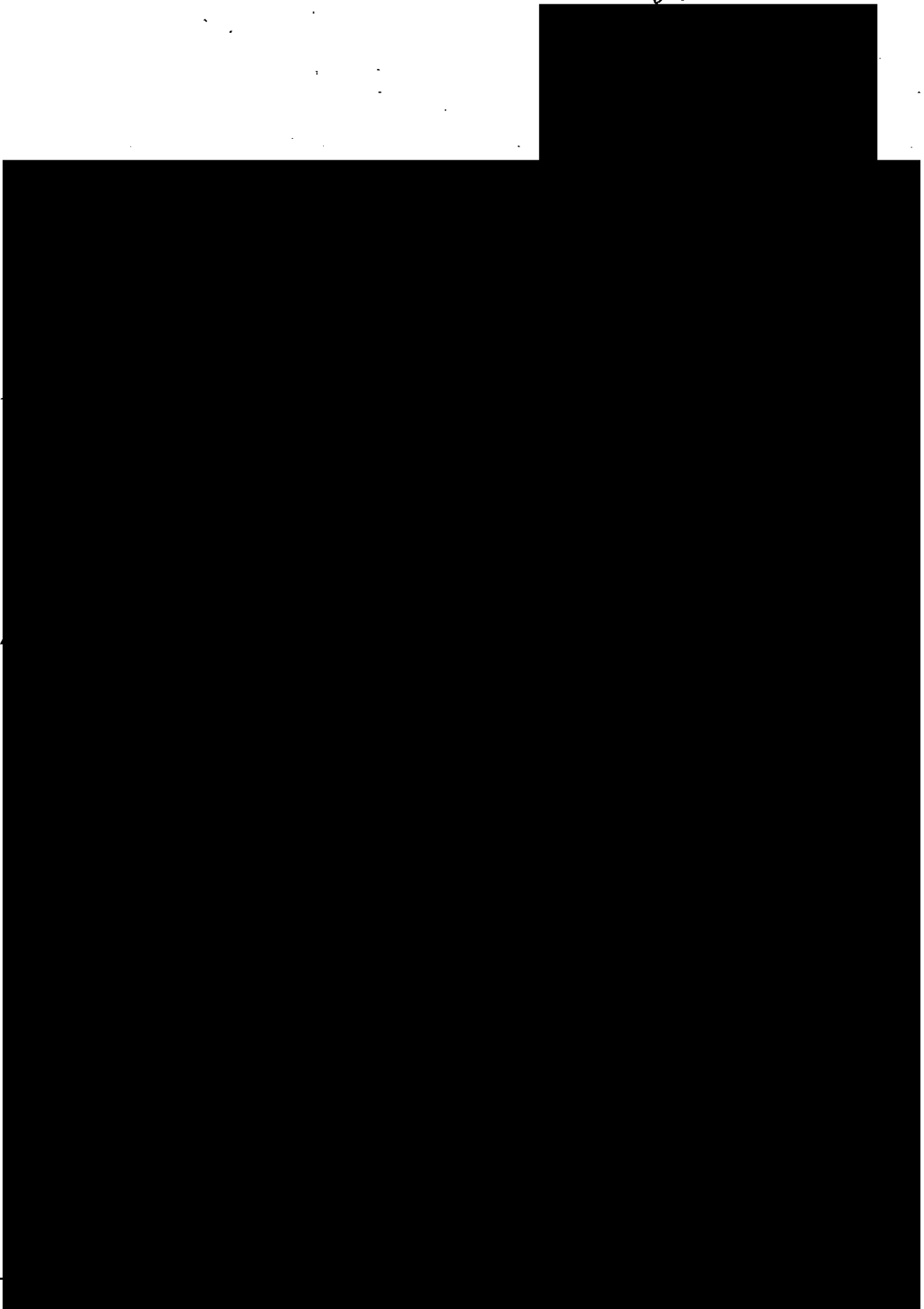
10-04-14	17.00
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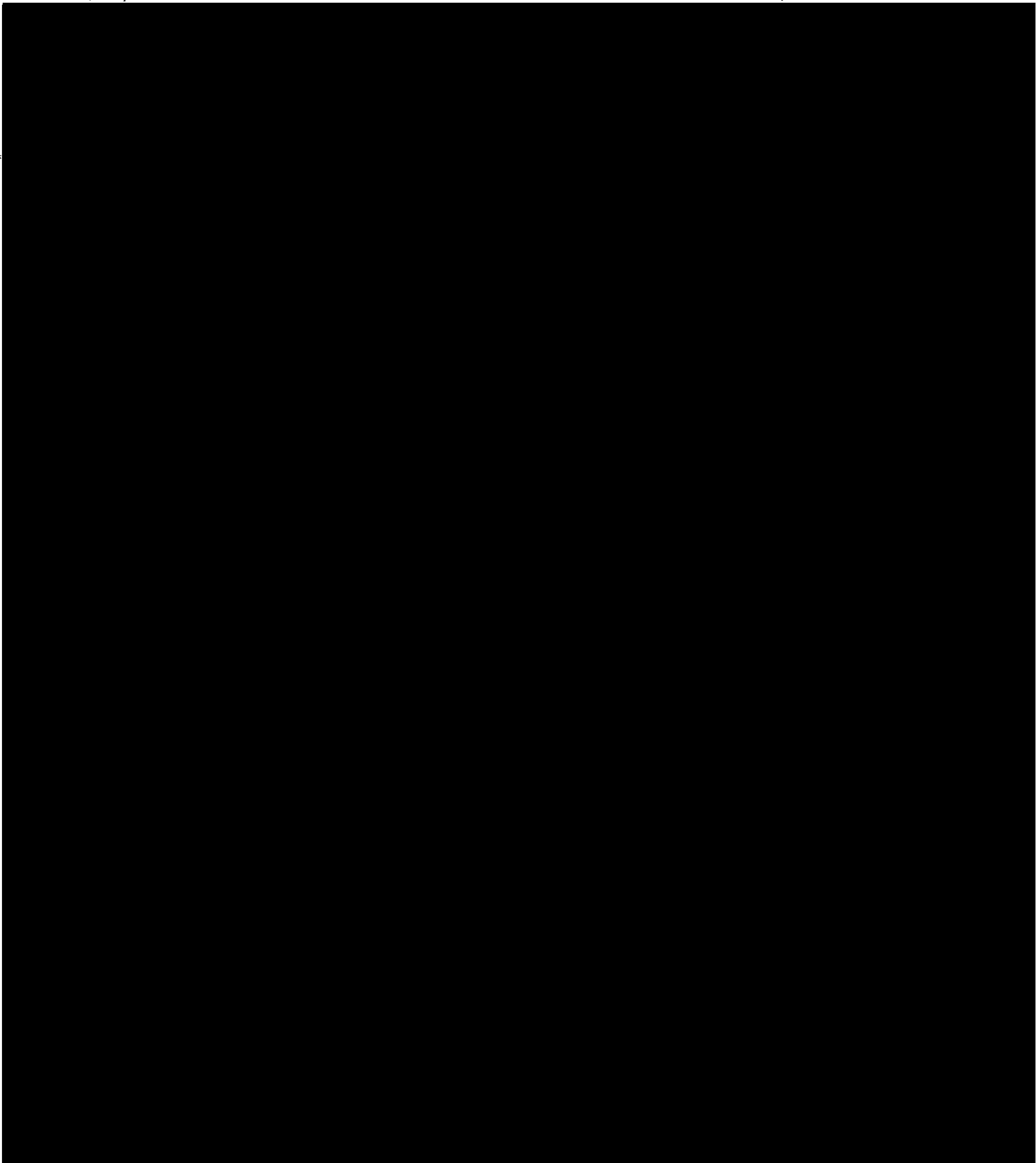


+

EXHIBIT
12

#9





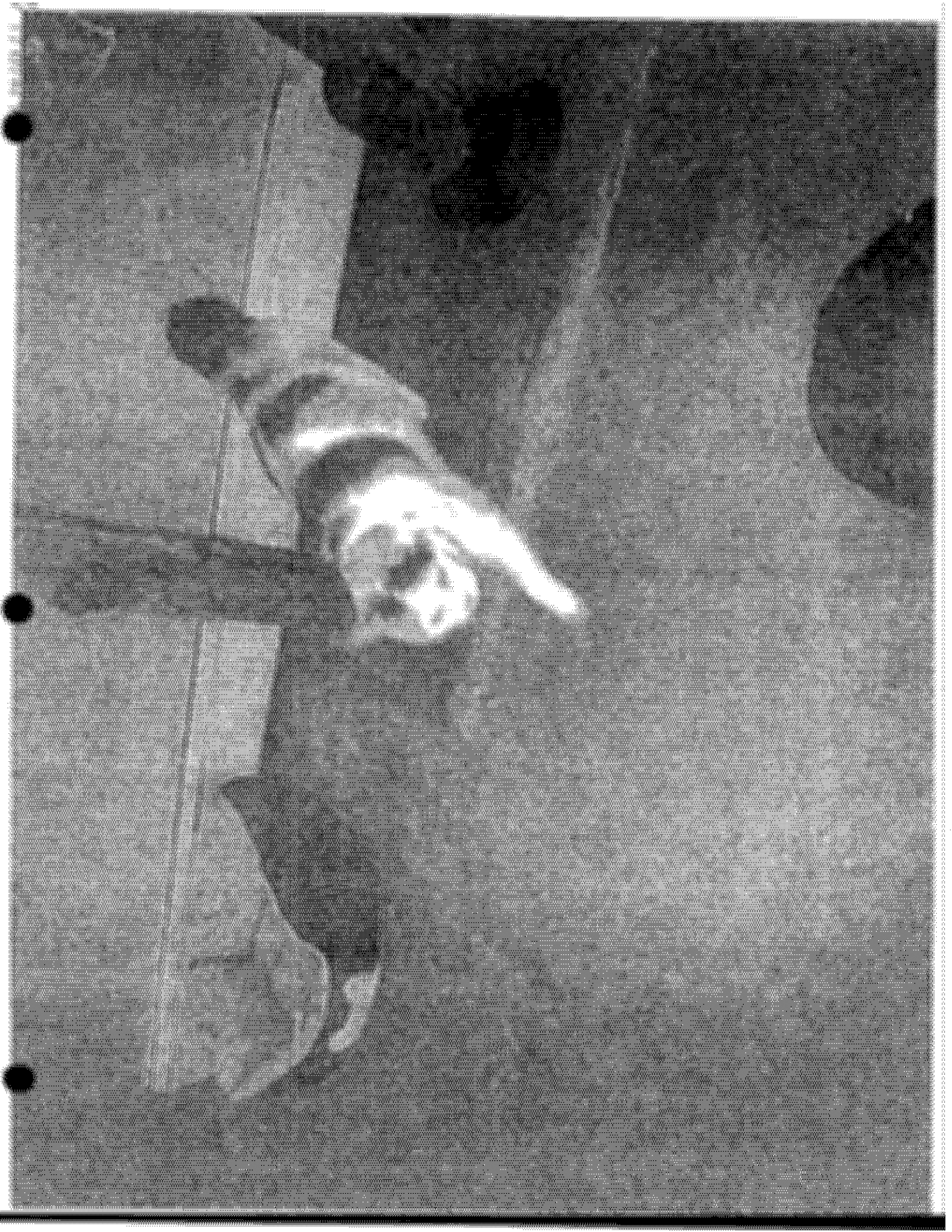
7-1-10

103



18







Client Name: Sandy

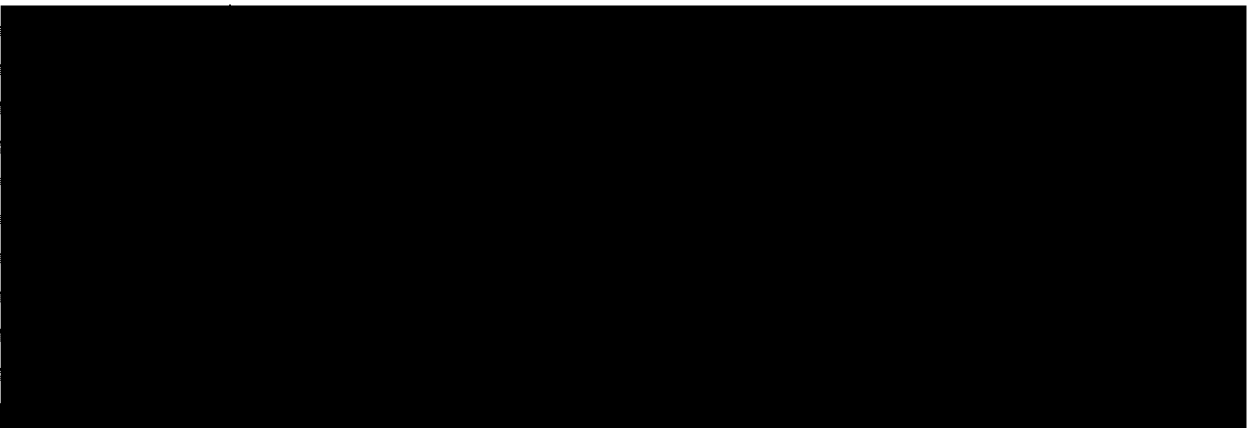
Species: kg Sex: MI MN / FI / FS Date of Birth (MM/dd/yy) 2y 1/2

Pet Name: Hadley Breed: Greyhound Coat Colour: Brindle

Date: _____ Treatment _____

Date:	Treatment
2/19/17	Exam
76.2 REX	PE QAR TPR-N - MM color pink
101.2° F	- CRT CZ See - HAL NAF
	- LW - WNL
	- E/d - N Stool - N
	- Ear/eye - N Urination - N
	- Skin - mild dandruff, flake on dorsal lumbar area
	- No Flea Seen.
	- advised omega 3 fatty acids advised Proseal Shampoo once a week
	- Area of Alopecia on dorsal/caudal thigh
	- Some Redness/Alopecia on cranial aspect of metatarsal, according to owner scraped while running in snow, now getting Betty
	Oral cavity - Teeth/gums look's okay - mild tartar on pmx & m
	RR - 24
	HR - 82 BPM
	Temp - 101.2° F
	Hadley is a healthy dog, no concern health wise

10 24/3



PATIENT INFORMATION

Name	Rhea (Record - 4781)	Species	Canine
Sex	Female	Breed	Rhodesian Ridgeback
Birthday	4/26/15	Age	23m
ID		Rabies	
Color	Red	Weight	86.60 lbs.
Reminded	(none)	Codes	
Added	3/22/17		

(No reminders are due for this patient.)

Rhea's weight history (in lbs)

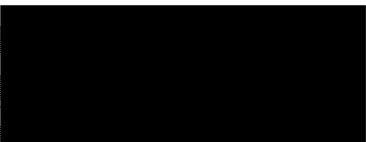
3/22/17	86.60
3/22/17	86.60

MEDICAL HISTORY

Date	Time	By	Code	Description	Qty (Variance)	Photo
3/22/17	3:10p	█	COMM	Client Communication	1	
	ST: 3/22/17 at 1:10p:	█		called - says that there is a bit of a complicated situation but basically there is a lady who was watching Rhea and the puppies while Jessica couldn't and apparently there is an SPCA case with her now, but she wanted to tell us that her dog was not treated badly but someone thought the lady (who has her own rescue) was treating the animals badly. Owner says a woman named Sandra will call from the SPCA and she will request records and Jessica wants to give authorization to release records to her.		
	CM: 3/22/17 at 1:21p:	Sandra		called and █ spoke with her on the phone. █		
	ST: 3/22/17 at 1:32p:	Talked to Sandra		and I was under impression she is SPCA officer so gave her info on dog but advised her to send me a written request and I'll send records after that.		
	CM: 3/22/17 at 2:22p:	I called Sandra		back asking her for SPCA work email and she said she was not with the SPCA, I told her I was confused as I thought this was an SPCA cruelty case. Told her I would talk to the Dr and let her know if we could send the records.		
	ST: 3/22/17 at 2:27p:	Called █		let her know that "Sandra" does not work for the SPCA, she said she knows and this is the lady that looks after her dogs. She sent us email auth saying she okays it		
	11:31a		233	Exam/Consultation	1	
	Doctor's Instructions - Re-check or call us if any concern whatsoever or if patient doesn't get better.					
	Client Instructions - Re-check if any concern or no improvement.					

1/3

2812



Patient Chart for Rhea
Date: 3/22/17, Time: 4:17p

Client: [Redacted] Page: 2

Date	Time	By	Code	Description	Qty (Variance)	Photo
Age: 23m Weight: 86.60 Temp: 100.20 Respiration: 24.00 Pulse: 135.00						
CRT: 2 secs. BCS: 3.00 / 5.00						

SUBJECTIVE SECTION

Exam, hair loss on spine, 10 pups, currently on Clayaseptin (silver foil with white tablets as per owner), had puppies Feb 17th 2017

OBJECTIVE SECTION

BAR, mm-pink, all vitals wnl, e/d ok; no v/d/c/s

Physical Exam

Eyes, Ears, Nose, Throat

eyes normal, ears routine cleaning for future recommended, muzzle dry some scabs,

Integument

dry skin, loss of fur/ alopecia on dorsal spine, no bleeding/ swelling, non painful on detail palpation, no bruising.

Musculoskeletal

normal gait

Digestive

may need dental in future, grade 1 dental tartar

Genital

Vulva enlarged, mammary glands enlarged, no bleeding from any teat, non-painful, no fever, mammary glands have scratched from puppies nails, doesn't look infected at the moment, no indication of mastitis at the time, puppies can latch normally.

Normal Systems: Cardiovascular, Respiratory, Urinary, Neurologic, Lymphatic, Other, General

ASSESSMENT SECTION

NOTES

Normal healthy patient, changes in skin partly due to lactation stress or nutritional, patient not emaciated.

PLAN SECTION

NOTES

Recommended spay in 4-6 weeks, blood panel (FOR GENERAL HEALTH ASSESSMENT) and histo(FOR SKIN PROBLEM) advised - Owner DECLINED, PAMPHLETS FOR PARASITE CONTROL AND VACCINES PROVIDED TO OWNER.

Clearly told owner that since patient is lactating there are not many drugs which we can give. OWNER UNDERSTOOD EVERYTHING. DEVELOPMENT FOOD RECOMMENDED FOR MOTHER.

2/3

261 | 3



Patient Chart for Rhea
Date: 3/22/17, Time: 4:17p

Client:

Page: 3

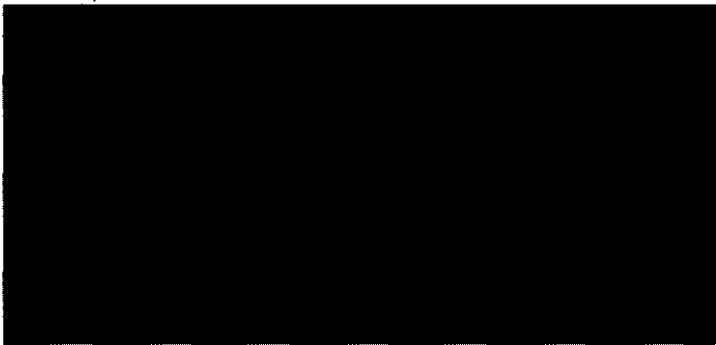
Date	Time	By	Code	Description	Qty (Variance)	Photo
3/22/17	11:04a		APPTS	Appointment notes for 3/22/17	1	
	11:03a		CHECKIN	Patient check-in	1	
				poss skin infection		

Age: 23m Weight: 86.60

SUBJECTIVE SECTION

poss skin infection, just had 10 pups on feb 17th 2017

3/3



Business Number: [REDACTED]

Oct 11, 2014

Invoice Number
[REDACTED]

Fozzie (# D)

Species: Canine Sex: Male Neutered
Age: 8 years old
Breed: Schnauzer X
Coat Color: Grey & White & Black
Weight: 17.64 kg.
Rabies Tag Number:

3 DAPPV:
Blood Work :
Bordetella:
Corona:
DAPPV:
DAPV:

Date	Code	Description	Qty	Price
10-11-2014	4	Office Visit Recheck	1	\$ 29.40 ^{+tx}
	304	Catheterization, Male	1	\$ 22.17 ^{+tx}
	2420950	CL. Cath: Urinary Polypropylene 5fr ea.	6	\$ 2.46 ^{+tx}
	2054187	Phenoxybenzamine 5mg Cap (Summit)	14	\$ 22.50 ^{+tx}

Total for Fozzie: \$ 76.53

Total Products: \$ 76.53

G.S.T: \$ 3.83

Total Invoice: \$ 80.36

VISA Card \$ 80.36

Total Payments - Thank you: \$ 80.36

Payment is due at time of services rendered. 2% per month interest charged on unpaid balances.

INVOICE

FOR: Sandra Simans

Printed: 02-19-15 at 13:37

Date: 10-04-14

Account: [REDACTED]

Invoice: [REDACTED]

Date	For	Qty	Description	Net Price	
10-04-14	Fozzie	1	Consult - ER*	65.00	
10-04-14		1	Diazepam 5mg/ml*	18.70	
10-04-14		1	Emergency Fee-N/C-Direct Trans*	0.00	
10-04-14			Visa payment	-87.88	
Old balance	Charges	GST	PST	Payments	New balance
357.16	83.70	*4.18	0.00	87.88	357.16

Visit us on the web:

[REDACTED]

WELCOME

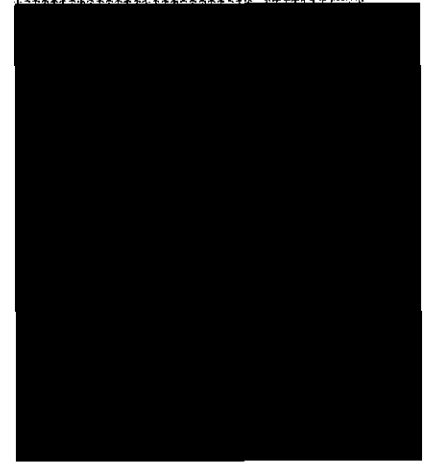
21-GROCERY

06038365101 RICE LNG GRN 9 b.
06038370119 PC XMT: CHKN,RIC 5PR 27.60

SUBTOTAL 36.48

G=GST 5% 27.99 @ 5.000% 1.00
P=PST 7% 27.99 @ 7.000% 0.00

CASH 40.00
ROUNDED 0.01 (39.85)
CHANGE DUE 0.15



Bronze
PUMP No. 05
LITRES 8.170
PRICE/L \$1.224
TOTAL FUEL \$10.00

FUEL INCLUDES
GST - Fuel \$0.48
No. [redacted]

2014/10/20 14:46:14

YOUR OPINION COUNTS
Tell us about your
recent visit at

THANK YOU
Questions?

GST [redacted]

2014-07-13 00:45

PUMP 07
PREPAID GAS SALE
REGULAR
LITRES L 8.397
PRICE/L \$ 1.429
FUEL SALES \$ 12.00*

TOTAL OWED \$ 12.00

CASH TENDERED
\$ 12.00

* GST INCL. \$ 0.57
APPROVED
THANK YOU

-- IMPORTANT --
RETAIN THIS COPY
FOR YOUR RECORDS



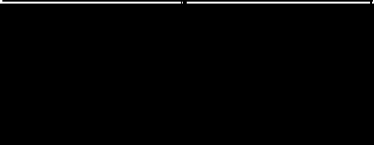
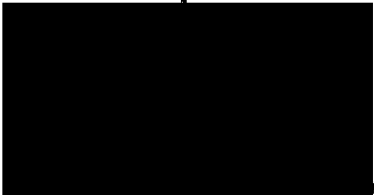
GST Note: \$ 8.71
FUEL \$ 8.00
NON FUEL \$ 0.71
TOTAL \$ 15.80

Total \$ 15.80
Ticket # [redacted]
Pump# 8 @ \$ 1.399/L
REG/Self \$ 15.80

INFORMER PREPAID
07/30/14 21:23:41



WELCOME



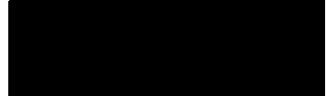
Bronze
PUMP No. 06
LITRES 16.475
PRICE/L \$1.214
TOTAL FUEL \$20.00
00 APPROVED - THANK YOU
APPROVAL NO. [REDACTED]
CHEQUING
PINPAD No. 33BOONUO
VERIFIED BY PIN

IMPORTANT!
retain this copy for
your records

FUEL INCLUDES
GST - Fuel \$0.95
No. [REDACTED]
TOTAL SALE \$20.00

2014/10/29 16:02:30

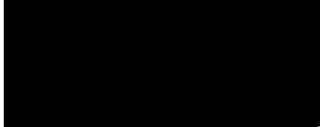
YOUR OPINION COUNTS
Tell us about your
recent visit at



THANK YOU
Questions?

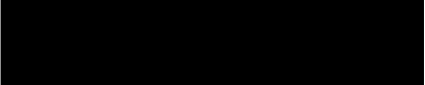


WELCOME

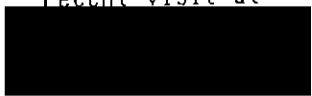


Bronze
PUMP No. 05
LITRES 7.412
PRICE/L \$1.349
TOTAL FUEL \$10.00

FUEL INCLUDES
GST - Fuel \$0.48
No. [REDACTED]



YOUR OPINION COUNTS
Tell us about your
recent visit at



THANK YOU
Questions?



Cha. US \$24.65

Interac \$24.65

TYPE: PURCHASE
ACCOUNT: INTERAC CHEQUING \$24.65



Customer Copy

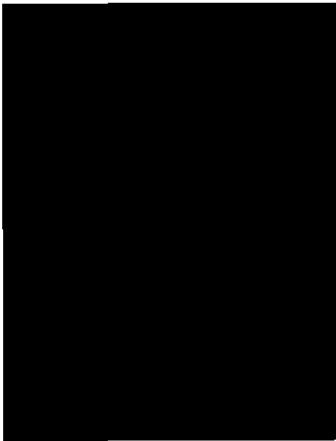
599 points!

THANK YOU
DRIVE SAFELY

PUMP 7
REGULAR
5.98L QT \$1.832
SALE \$ 10.00
GST INCLUDED \$ 0.28
CASH \$ 10.00

2014-04-03 20:48:03
STORE # [REDACTED]
TERM ID [REDACTED]
MERCH # [REDACTED]
TRANS # [REDACTED]
GST #: [REDACTED]





PUMPH 2
 EREG 8.237L
 PRICE/L 1.214
 FUEL TOTAL \$ 10.00

FINAL PURCHASE
 AMOUNT RECEIPT WITH
 FULL TRANSACTION
 DETAIL AVAILABLE
 INSIDE

WELCOME



Bronze
 PUMP No. 05
 LITRES 3.475
 PRICE/L \$1.439
 TOTAL FUEL \$5.00

FUEL INCLUDES
 GST - Fuel \$0.24
 No. [redacted]

STORE: [redacted]
 TRAN: [redacted]
 2014/07/19 06:34:47

YOUR OPINION COUNTS
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THANK YOU
 Questions?



WELCOME



INTERAC
 PURCHASE C



Bronze
 PUMP No. 04
 LITRES 10.382
 PRICE/L \$1.445
 TOTAL FUEL \$15.00
 OO APPROVED - THANK
 YOU 001
 APPROVAL No. [redacted]
 CHEVING



IMPORTANT
 retain this copy for
 your records

FUEL INCLUDES
 GST - Fuel \$0.71
 No. [redacted]

TOTAL SALE \$15.00



YOUR OPINION COUNTS
 Tell us about your
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THANK YOU
 Questions?



4: (4) 79

Business Number: [REDACTED]

Jun 19, 2015

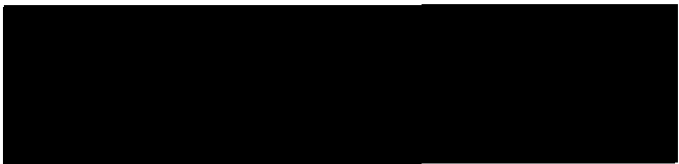
Invoice Number [REDACTED]

Pig (# E)
Species: Pigs
Sex: Male
Age:
Breed: Pot Belly
Coat Color: (None)
Rabies Tag Number:

Date	Code Description	Qty	Price
06/19/2015	14410 Syringe 35cc	1	\$ 1.72 ^{tax}
Total for Pig:			\$ 1.72
Total Products:			\$ 1.72
G.S.T.:			\$ 0.09
Total Invoice:			\$ 1.81
Cash:			\$ 20.00
Total Payments - Thank you:			\$ 20.00
Change Dispensed:			\$ 18.19

Payment is due at time of services rendered. 2% per month interest charged on unpaid balances.

40 (S) 80



Business Number [Redacted]

Jul 01, 2015
Invoice Number [Redacted]

Date	Code	Description	Qty	Price
07/01/2015	2611204	MCRC FE URINARY 165 GM	3	\$ 6.27

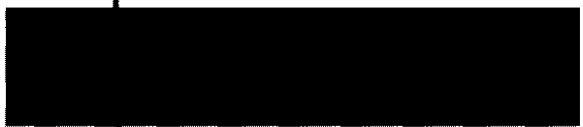
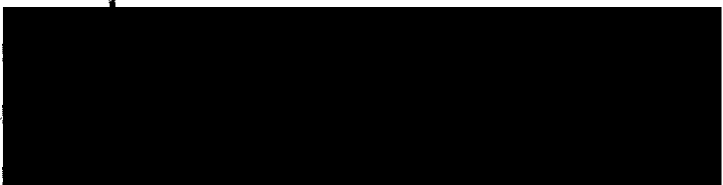


Total for [Redacted]:	\$	6.27
Total Products:	\$	6.27
G.S.T:	\$	0.31
Total Invoice:	\$	6.58
Cash	\$	10.00
Total Payments - Thank you:	\$	10.00
Change Dispensed:	\$	3.42

Payment is due at time of services rendered. 2% per month interest charged on unpaid balances.



40 (0) 01



Business Number: [Redacted]

Nov 21, 2015
Invoice Number
[Redacted]

Goat (# B)	Species: Goats	Blood Work:
	Sex: Male	Bordetella:
	Age:	Corona:
	Breed: (None)	Dental:
	Coat Color: (None)	DHLPP:
Rabies Tag Number:		Program Injection:

Date	Code	Description	Qty	Price
11/21/2015	2212230	Lactated Ringer's 1000 ml.	1	\$ 7.68 ^{tax}
	15500	Needle 20g x 1" ea.	2	\$ 0.50 ^{tax}
	8792	PR.DIET K9 K/D 370G	4	\$ 13.84 ^{tax}

Total for Goat: \$ 22.02

Total Products: \$ 22.02

G.S.T: \$ 1.10

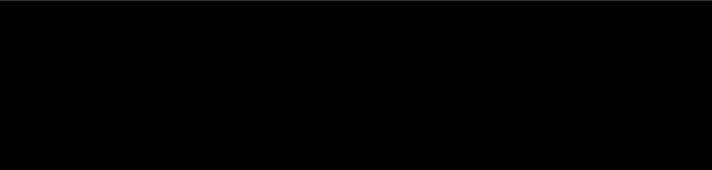
Total Invoice: \$ 23.12

Debit Card \$ 23.12

Total Payments - Thank you: \$ 23.12

Payment is due at time of services rendered. 2% per month interest charged on unpaid balances.

40 (7) 8.



Business Number: [Redacted]

Nov 23, 2015
Invoice Number
[Redacted]

Dog (# F)	Species: Canine	3 DAPPV:
Sex:	Age:	Blood Work:
Breed: (None)	Coat Color: (None)	Bordetella:
Rabies Tag Number:		Corona:
		DAPPV:
		DAPPV:

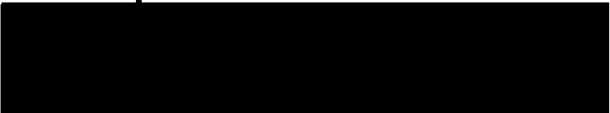
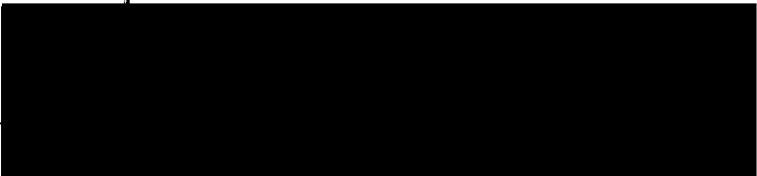
Date	Code	Description	Qty	Price
11/23/2015	8792	PR.DIET K9 K/D 370G	21	\$ 6.92

Total for Dog: \$ 6.92
 Total Products: \$ 6.92
 G.S.T: \$ 0.35
 Total Invoice: \$ 7.27
 Cash \$ 20.00
 Total Payments - Thank you: \$ 20.00
 Change Dispensed: \$ 12.73

Payment is due at time of services rendered. 2% per month interest charged on unpaid balances



4⁰ / 15 90



Business Number: [Redacted]

Dec 27, 2015

Invoice Number [Redacted]

Dog (#)	F)	3 DAPPV:
Species: Canine		Blood Work :
Sex:		Bordetella:
Age:		Corona:
Breed: (None)		DAPPV:
Coat Color: (None)		DAPPV:
Rabies Tag Number:		

Date	Code	Description	Qty	Price
12/27/2015	6700480	MCRC FE/K9 RECOVERY 165 GM	4	\$ 12.36
	15500	Needle 20g x 1" ea.	1	\$ 0.25
			Total for Dog:	\$ 12.61
			Total Products:	\$ 12.61
			G.S.T:	\$ 0.63
			Total Invoice:	\$ 13.24
			Cash	\$ 20.26
			Total Payments - Thank you:	\$ 20.25
			Change Dispensed:	\$ 7.01

Payment is due at time of services rendered. 2% per month interest charged on unpaid balances.

48 16 91

Business Number: [REDACTED]

Sep 13, 2015

Invoice Number
[REDACTED]

Fozzie (# D)

Date	Code	Description	Qty	Price
09/13/2015	8773	PR.DIET K9 DID POTATOE+SALMON 370G	1	\$ 3.45
	8945	MCRC K-9 ADULT 396 GM	1	\$ 2.99

Total for Fozzie: \$ 6.44

Total Products: \$ 6.44

G.S.T: \$ 0.32

Total Invoice: \$ 6.76

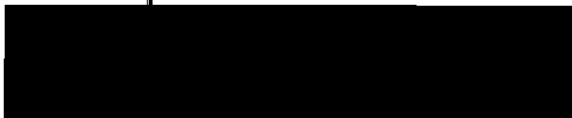
Cash \$ 50.00

Total Payments - Thank you: \$ 50.00

Change Dispensed: \$ 43.24

Payment is due at time of services rendered. 2% per month interest charged on unpaid balances

4: 9473



Business Number: [Redacted]

Nov 07, 2015
Invoice Number
 [Redacted]

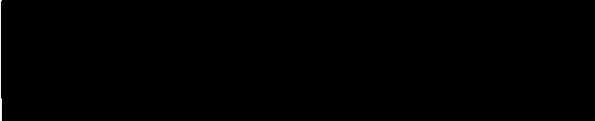
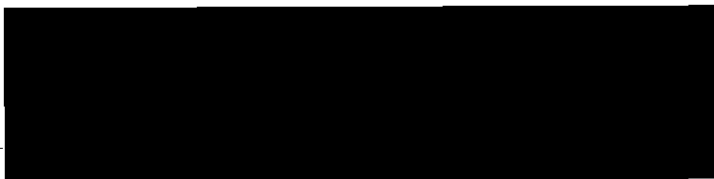
Dog (#)	F)			3 DAPPV:
	Species: Canine	Sex:		Blood Work:
	Age:			Bordetella:
	Breed: (None)			Corona:
	Coat Color: (None)			DAPPV:
	Weight: 0 kg.			DAPV:
Rabies Tag Number:				

Date	Code	Description	Qty	Price
11-07-2015	2580271	Drontal Plus - 68mg ea. (>11.8kg)	1.5	\$ 17.30 ^{+tx}
	6701444	MCRC K-9 HYPO HP 390g cans	1.0	\$ 3.79 ^{+tx}
	9016	MCRC K-9 HYPOALLERGENIC 396 GM	1.0	\$ 3.68 ^{+tx}
	1410650	Dermazole Shampoo 237ml	1.0	\$ 18.98 ^{+tx}

Total for Dog: \$ 43.75
Total Products: \$ 43.75
 G.S.T: \$ 2.19
Total Invoice: \$ 45.94
 Debit Card \$ 45.94
Total Payments - Thank you: \$ 45.94

Payment is due at time of services rendered. 2% per month interest charged on unpaid balances.

4: 20 95



Business Number: [Redacted]

Nov 10, 2015
 Invoice Number
 [Redacted]

Dog (# F)	Species: Canine	5 DAPPV
Sex:	Age:	Blood Work:
Breed: (None)	Coat Color: (None)	Bordetella:
Rabies Tag Number:		Culture:
		D. APPV:
		DAPPV:

Date	Code	Description	Qty	Price
11/10/2015	2212230	Lactated Ringer's 1000 mL	1	\$ 7.68
	15500	Needle 20g x 1" ea.	3	\$ 0.75
	8759	PR.DIET CANINE/FELINE A/D 156GM	2	\$ 3.04

Total for Dog: \$ 14.47
 Total Products: \$ 14.47
 C.S.T. \$ 0.72
 Total Invoice: \$ 15.19
 Debt Card \$ 15.19
 Total Payments - Thank you: \$ 15.19

Payment is due at time of services rendered. 2% per month interest charged on unpaid balances.

4: 2196

Business Number: [REDACTED]

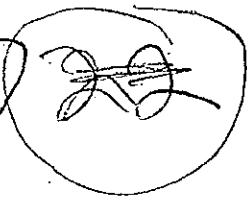
Nov 12, 2015

Invoice Number [REDACTED]

Dog (#)	F)	Species: Canine	3 DAPPV
		Sex:	Blood Work
		Age:	Bordetella
		Breed: (none)	Corona
		Coat Color: (none)	DAPPV
		Rabies Tag Number:	DAPPV

Date	Code	Description	Qty	Price
11/12/2015	3759	PR.DIET CANINE/FELINE AID 156GM	3	\$ 9.00
			Total for Dog:	\$ 9.00
			Total Products:	\$ 9.00
			G.S.T.	\$ 0.45
			Total Invoices:	\$ 9.51
			Cash	\$ 10.00
			Total Payments - Thank you:	\$ 10.00
			Change Dispensed:	\$ 0.49

Payment is due at time of services rendered. 2% per month interest charged on unpaid balances.

4697 



Business Number

Nov 14, 2015

Invoice Number

Dog (# F)
Species: Canine
Sex:
Age:
Breed: (None)
Coat Color: (None)
Rabies Tag Number:

3 DAPPV.
Blood Work :
Bordetella:
Cytoma:
DAPPv:
DAPPv:

Date	Code	Description	Qty	Price
11/14/2015	15500	Needle 20g x 1" ea.	2	\$ 0.50 ^{ea}
	8759	PR.DIET CANINE/FELINE A/D 156GM	4	\$ 12.08 ^{ea}

Total for Dog: \$ 12.38

Total Products: \$ 12.56

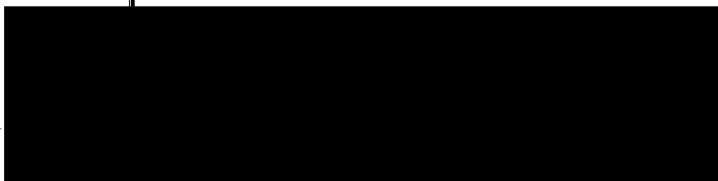
G.S.T. \$ 0.63

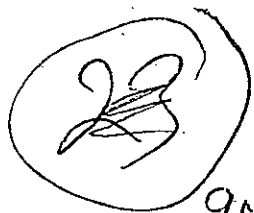
Total Invoice: \$ 13.21

Debit Card \$ 13.21

Total Payments - Thank you. \$ 13.21

Payment is due at time of services rendered. 2% per month interest charged on unpaid balances.



46

 98



Business Number: 

Nov 15, 2015

Invoice Number



Dog (#	F)	3 DAPPV:
Species: Canine		Blood Work:
Sex:		Bordetella:
Age:		Corona:
Breed: (None)		DAPPV:
Coat Color: (None)		DAPPV:
Rabies Tag Number:		

Date	Code	Description	Qty	Price
11/15/2015	2010085	B. Vestray-4"	1	\$ 3.38 ^{tax}
	8759	FR.DIET CANINE/FELINE A/D 156GM	2	\$ 6.04 ^{tax}
	8792	PR.DIET K9 K/D 370G	1	\$ 3.46 ^{tax}
	15500	Needle 20g x 1" ea.	2	\$ 0.50 ^{tax}
	2212260	Lactated Ringer s 1000 mL	2	\$ 15.36 ^{tax}

Total for Dog: \$ 28.74

Total Products: \$ 28.74

G.S.T \$ 1.44

Total Invoice: \$ 30.18

Debit Card \$ 30.18

Total Payments - Thank you: \$ 30.18

Payment is due at time of services rendered. 2% per month interest charged on unpaid balances.

75

INVOICE



Until one has loved an animal a part of one's soul remains unawakened...

FOR:

Printed: 08-03-16 at 7:18p
Date: 08-03-16
Account:
Invoice:

Date	For	Qty	Description	Price	Discount	Price
08-03-16	FELINE 2	1	RC Canine/Feline Recovery Can*			3.69
08-03-16		1	PRD Feline C/D 156 g*			2.49
08-03-16		1	Advantage Blue 1 month*			20.00
08-03-16		1	RC Felice Dex 1.5kg*			23.79
Total charges, this invoice...						49.97
G.S.T....						*2.50
P.S.T....						*1.40
Total, this invoice...						53.87
Your old balance...						0.00
Total payment(s) received...						53.87
08-03-16	08-03-16		Visa payment		24.98	
08-03-16	08-03-16		Cash payment		28.89	
Your new balance...						0.00

The Doctors and Staff at would like to thank you for allowing us to care for your pets.

Section 149.1 Qualified Donees

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;
- (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; or
- (c) makes a disbursement by way of a gift, other than a gift made
 - (i) in the course of charitable activities carried on by it, or
 - (ii) to a donee that is a qualified donee at the time of the gift.

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;
- (b.1) makes a disbursement by way of a gift, other than a gift made
 - (i) in the course of charitable activities carried on by it, or
 - (ii) to a donee that is a qualified donee at the time of the gift;
- (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 149.1(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;

(b.1) makes a disbursement by way of a gift, other than a gift made

(i) in the course of charitable activities carried on by it, or

(ii) to a donee that is a qualified donee at the time of the gift;

(c) has, in respect of a class of shares of the capital stock of a corporation, a divestment obligation percentage at the end of any taxation year;

(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 it has entered into a transaction (including a gift to another registered charity) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the expenditure of amounts on charitable activities;

(b) of a registered charity, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another registered charity to which paragraph (a) applies was to assist the other registered charity in avoiding or unduly delaying the expenditure of amounts on charitable activities;

(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;

(d) of a registered charity, if it has in a taxation year received a gift of property (other than a designated gift) from another registered charity with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those taxation years, an amount that is less than the fair market value of the property, on charitable activities carried on by it or by way of gifts made to qualified donees with which it deals at arm's length; and

(e) of a registered charity, if an ineligible individual is a director, trustee, officer or like official of the charity, or controls or manages the charity, directly or indirectly, in any manner whatever.

Section 168:

Revocation of Registration of Certain Organizations and Associations

168(1) Notice of intention to revoke registration

The Minister may, by registered mail, give notice to a person described in any of paragraphs (a) to (c) of the definition "qualified donee" in subsection 149.1(1) that the Minister proposes to revoke its registration if the person

- (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;
- (c) in the case of a registered charity or registered Canadian amateur athletic association, fails to file an information return as and when required under this Act or a regulation;
- (d) issues a receipt for a gift 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 the granting of which was expressly or implicitly conditional on the association making a gift to another person, club, society or association.

168(2) Revocation of Registration

Where the Minister gives notice under subsection 168(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 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, if

(a) in the case of a person that is or was registered as a registered charity or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(2) to (4.1), (6.3), (22) and (23);

(b) in the case of a person that is or was registered as a registered Canadian amateur athletic association or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(4.2) and (22); or

(c) in the case of a person described in any of subparagraphs (a)(i) to (v) of the definition "qualified donee" in subsection 149.1(1), that is or was registered by the Minister as a qualified donee or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(4.3) and (22).

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

Where the Minister

(a) confirms a proposal or decision in respect of which a notice was issued under any of subsections 149.1(4.2) and (22) and 168(1) by the Minister, to a person that is or was registered as a registered Canadian amateur athletic association or is an applicant for registration as a registered Canadian amateur athletic association, or does not confirm or vacate that proposal or decision within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal or decision,

(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,

(a.2) confirms a proposal or decision in respect of which a notice was issued under any of subsections 149.1(4.3), (22) and 168(1) by the Minister, to a person that is a person described in any of subparagraphs (a)(i) to (v) of the definition "qualified donee" in subsection 149.1(1) that is or was registered by the Minister as a qualified donee or is an applicant for such registration, or does not confirm or vacate that proposal or decision within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal or decision,

(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) [Repealed, 2011, c. 24; s. 54]

(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,

(g) refuses to accept for registration for the purposes of this Act any retirement income fund,

(h) refuses to accept for registration for the purposes of this Act any pooled pension plan or gives notice under subsection 147.5(24) to the administrator of a pooled registered pension plan that the Minister proposes to revoke its registration, or

(i) refuses to accept an amendment to a pooled registered pension plan,

the person described in paragraph (a), (a.1) or (a.2), the applicant in a case described in paragraph (b), (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), the administrator of the plan or an employer who participates in the plan, in a case described in paragraph (f) or (f.1), or the administrator of the plan in a case described in paragraph (h) or (i), may appeal from the Minister's decision, or from the giving of the notice by the Minister, to the 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) [Repealed, 2011, c. 24, s. 55]

(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),

(c.2) the mailing of notice to the administrator of the pooled registered pension plan under subsection 147.5(24), or

(d) the time the decision of the Minister to refuse the application for acceptance of the amendment to the registered pension plan or pooled 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
- (c) 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) or (12) applies

188(4) Transfer of property tax

If 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, or solidarily, 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”

« *montant de l'actif net* »

“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”

« *valeur nette* »

“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.

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 sent 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 particular person in respect of the particular person'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 particular person after the day on which the Minister first assessed that liability and before the particular time to another person that was at the time of the transfer an eligible donee in respect of the particular person, 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 other 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 or registered Canadian amateur athletic association, 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.



March 15, 2019

REGISTERED MAIL

Louis Isabella
Treasurer
AAIA Allergy/Asthma Information Association
200 – 5409 Eglinton Avenue West
Etobicoke ON M9C 5K6

BN: 131765174RR0001
File #: 0376798

Dear Louis Isabella:

**Subject: Notice of intention to revoke
AAIA Allergy/Asthma Information Association**

We are writing with respect to our letter dated March 15, 2018 (copy enclosed), in which AAIA Allergy/Asthma Information Association (the Organization) was invited to respond to the findings of the audit conducted by the Canada Revenue Agency (CRA) for the period from January 1, 2014, to December 31, 2015, and explain why the registration of the Organization should not be revoked in accordance with subsection 168(1) of the Income Tax Act.

We have reviewed and considered your written response, which was undated but received by CRA on June 21, 2018. Your reply has not alleviated our concerns with respect to the Organization's non-compliance with the requirements of the Act for registration as a charity. Our concerns are explained in Appendix A attached.

Conclusion

The audit by the CRA found that the Organization is not complying with the requirements set out in the Act. In particular, it was found that the Organization failed to devote resources to a charitable purpose, failed to file an information return as and when required by the Act and/or its Regulations and issued receipts not in accordance with the Act and/or its Regulations. 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 for charitable registration and should be revoked in the manner described in subsection 168(1) of the Act.

For each of the reasons mentioned in our letter dated March 15, 2018, pursuant to subsection 168(1) of the Act, we 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), and 168(1)(d) of the Income Tax Act, that I propose to revoke the registration of the charity listed below and that by virtue of paragraph 168(2)(b) thereof, the revocation of registration is effective on the date of publication of this notice in the Canada Gazette.

Business number	Name
131765174RR0001	AAIA Allergy/Asthma Information Association Etobicoke ON

Should the Organization choose 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, with 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 90 days from the date this letter was mailed. As such, the Organization's registration will be revoked on the date of publication, unless the CRA receives an objection to this notice of intention to revoke within this timeframe.

A copy of the relevant provisions of the Act concerning revocation of registration, including appeals from a notice of intention to revoke registration, can be found in Appendix B, attached.

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) and 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 Form T2046, 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. The relevant provisions of the Act concerning the tax applicable to revoked charities can also be found in Appendix B. Form

T2046 and the related Guide RC4424, Completing the Tax Return Where Registration of a Charity is Revoked, are available on our website at canada.ca/charities-giving;

- c) the Organization will no longer qualify as a charity for purposes of subsection 123(1) of the Excise Tax Act. As a result, the Organization may be subject to obligations and entitlements under the Excise Tax Act that apply to organizations other than charities. If you have any questions about your Goods and Services Tax/Harmonized Sales Tax (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, we 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,



Tony Manconi
Director General
Charities Directorate

Enclosures

- Appendix A, Comments on Representations
- Appendix B, Relevant provisions of the Act
- CRA letter dated March 15, 2018
- Organization's response letter received June 21, 2018

c.c.: Sharon Van Gyzen
Chair -- Board of Directors



AAIA Allergy/Asthma Information Association
Comments on Representations

The audit conducted by the Canada Revenue Agency (CRA) for the period from January 1, 2014, to December 31, 2015, identified that AAIA Allergy/Asthma Information Association (the Organization) is not operating in compliance with the provisions of the Income Tax Act in the following areas:

- Failed to devote resources to a charitable purpose
- Failed to file an Information Return as and when required by the Act and/or its Regulations
- Issued receipts not in accordance with the Act

We have reviewed the Organization's undated representations received by CRA on June 21, 2018, and we maintain our position that the non-compliance issues identified during the audit represent a serious breach of the requirements of the Act and that, as a result of this non-compliance, the Organization's registration should be revoked.

Repeated Non-Compliance

The Organization has been the subject of four audits over the past 25 years. [REDACTED]

The current audit as well as the previous audits have concluded with a pattern of non-compliance in which non-charitable administrative and fundraising expenditures have far exceeded charitable expenditures. This suggests a serious, intentional, and continuous pattern of non-compliance by the Organization. The CRA has repeatedly provided the Organization with opportunities to improve, along with corrective measures to accomplish this. While the Organization has attempted to address the non-compliance issues, the audits of the Organization show a history of continued challenges related to decreasing the fundraising ratio and the lack of devotion of resources to charitable activities. This is despite repeated assurances through signed compliance agreements that the Organization could become compliant.

The basis for our position is described in detail below, including our responses to the Organization's representations.

1. Failure to devote resources to a charitable purpose

The Organization is registered as a charitable organization and in order to satisfy the definition of a "charitable organization" pursuant to subsection 149.1(1) of the Act, an organization must be "an organization...all of the resources of which are devoted to charitable activities carried on by the organization itself". A charitable organization may carry on charitable activities of its own, or make gifts to other registered charities or qualified donees.

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 Act 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 its resources to activities undertaken in support of non-charitable purposes cannot be registered as a charity.

The term “charitable purposes” in subsection 149.1(1) of the Act states that it “includes the disbursement of funds to qualified donees”. The term is not otherwise defined in the Act and it is therefore necessary to refer, in this respect, to the principles of the common law governing charity.

All charitable organizations must devote all of their resources to activities undertaken in support of charitable purposes. As outlined in previous compliance agreements and our Administrative Fairness Letter (AFL) dated March 15, 2018, it is our view that the Organization does not devote all of its resources to charitable activities.

In our letter, we determined that the Organization devoted a substantial portion of its resources to fundraising and administration activities as opposed to charitable activities.

In its response received June 21, 2018, the Organization made the following representations:

- a) The Organization was carrying out charitable activities as summarized in the “AAIA Goals and Achievements 2014/2015” attachment;
- b) The Organization centralized its organization structure;
- c) The Organization conducted a strategic review and hired a new Executive Director to address some of the challenges that the Organization faced. The focus of this new ED was fundraising and improving the long term financial viability of the Organization;
- d) The true cost of delivery of service is not reflected in financial statements due to leveraging of partnerships, in kind contributions, and volunteer resources;
- e) Funds raised through lotteries are subject to rules of the Ontario Gaming Authority and [REDACTED] and must go to delivery of service; and,
- f) Over its 50-year history, the Organization has had a positive impact on those individuals with allergies, asthma, or anaphylaxis.

CRA’s Response

- a) We reviewed the “AAIA Goals and Achievements 2014/2015” and noted the following:
 - A number of the key achievements are administrative or fundraising focused, such as revision of by-laws, hiring of a new Executive Director, a governance review, and accreditation with Imagine Canada;
 - A number of the achievements are through partner organizations that appear to be the primary facilitator of the achievements, such as sitting on various [REDACTED] committees, collaborating with the [REDACTED] on a study being conducted at the University of Alberta, and attendance at the Scientific Meeting [REDACTED]
 - The significance of the role of the Organization is unclear for a number of other achievements involving partner organizations, such as a partnership with [REDACTED] and providing feedback to Health Canada.

While there were some charitable activities within the listing that were carried out directly by the Organization, the size and scope of these activities appeared to be limited and is consistent with our findings that the amount of resources devoted to fundraising and administrative activities exceeds those devoted to charitable activities.

- b) The goal of this centralization appears to have been to operate more efficiently and effectively, but our audit findings did not indicate that the re-organization led to more resources devoted to charitable activities during the audit period. For example, the new full time executive director was paid a higher salary than the previous part-time executive director, and primarily focused on improving the fundraising performance of the Organization not on carrying out charitable activities.
- c) As mentioned above, the new executive director had a significant focus on fundraising and financial sustainability. While these can be important aspects to the operation of a registered charity, they are not themselves charitable activities. The strategic plan identified five priorities:
- Sustainable financial funding
 - Effective governance and organization structure
 - Enhanced marketing and branding
 - Stakeholder engagement and communication
 - Client focused products

Of these priorities, only some aspects of priorities 4 and 5 appear to be charitable in nature. Again, the focus of the Organization remains on its administrative activities.

- d) See our comments in item a) above. Even with donated volunteer hours, the charitable activities of the Organization are limited. The Organization estimates that these “hours donated and pro bonos could be estimated to be in the tens of thousands of dollars.” The Organization provides no calculations to support this claim, but, even if the estimate were accepted, an additional charitable expenditure in the tens of thousands of dollars would still leave the resources of the Organization primarily devoted to administration and fundraising activities.
- e) The Organization has not provided any documentation to show how these funds were spent. Although the representations rightly noted that the Organization is subject to the rules of the Ontario Gaming Authority it is important to understand the requirements of registration as a registered charitable organization. To remain registered it is necessary for the organization to operate within the limitations imposed by the Act. This includes the devotion of all its resources to activities undertaken in support of charitable purposes.
- f) The document included in the response highlights the achievements of the Organization over a 50-year period. Though, the Organization identified the many positive accomplishments over its history, it was unable to demonstrate the devotion of its resources to its own charitable activities or that it followed the guidance as it relates to fundraising.

We acknowledge the Organization’s representations to support the furtherance of its charitable activities; however, the representations provided in response to our letter did not adequately address our concerns. As noted in previous audits and in our letter of March 15, 2018, the Organization is devoting a small percentage of its expenditures to charitable activities. The Organization has been

advised through signed compliance agreements that its expenditures on charitable activities are unacceptable and the Organization agreed to rectify the non-compliance. Therefore, the Organization's response has not alleviated our concerns and our position remains that the Organization has failed to devote substantially all of its resources to charitable activities carried on by the Organization itself. For this reason, it is our position that there are grounds for revocation of the charitable status of the Organization under paragraph 168(1)(b) of the Act.

2. Failure to file an information return as and when required by the Act

As outlined in our letter, we found that the Organization did not issue T4s/T4As for payments made to an individual for accounting/bookkeeping services.

In its response, the Organization made the following representations:

- a) The Organization has gone through previous audits and has not been asked to prepare T4As; and,
- b) The Organization does not believe that this type of non-compliance warrants revocation.

CRA's Response

- a) We cannot assess whether the Organization should have issued T4As in prior years as these were not part of the current review period and the circumstances surrounding payments in prior years may have been different. Further, a lack of identification of an issue of non-compliance in a prior audit does not negate that non-compliance.
- b) The non-compliance relating to the completion of T4As forms part of the overall non-compliance.

The Organization's response has not alleviated our concerns. It remains our position that the Organization has failed to file an Information Return as and when required by the Act and/or its Regulations. For this reason, it is our position that there are grounds for revocation of the charitable status of the Organization under paragraph 168(1)(c) of the Act.

3. Issuing receipts not in accordance with the Act

As outlined in our letter, the Organization has issued official donation receipts (ODRs) that included a name other than the official name of the Organization.

In its response, the acknowledged the error and indicated that it was due to a breakdown in communication. The Organization also provided a copy of a tax receipt for our review.

CRA's Response

Though the Organization's response acknowledged our concerns, it remains our position that the Organization issued receipts not in accordance with the Act. For this reason, it is our position that there are grounds for revocation of the charitable status of the Organization under paragraph 168(1)(d) of the Act.

Section 149.1 Qualified Donees

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;
- (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; or
- (c) makes a disbursement by way of a gift, other than a gift made
 - (i) in the course of charitable activities carried on by it, or
 - (ii) to a donee that is a qualified donee at the time of the gift.

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;
- (b.1) makes a disbursement by way of a gift, other than a gift made
 - (i) in the course of charitable activities carried on by it, or
 - (ii) to a donee that is a qualified donee at the time of the gift;
- (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 149.1(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;

(b.1) makes a disbursement by way of a gift, other than a gift made

(i) in the course of charitable activities carried on by it, or

(ii) to a donee that is a qualified donee at the time of the gift;

(c) has, in respect of a class of shares of the capital stock of a corporation, a divestment obligation percentage at the end of any taxation year;

(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 it has entered into a transaction (including a gift to another registered charity) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the expenditure of amounts on charitable activities;

(b) of a registered charity, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another registered charity to which paragraph (a) applies was to assist the other registered charity in avoiding or unduly delaying the expenditure of amounts on charitable activities;

(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;

(d) of a registered charity, if it has in a taxation year received a gift of property (other than a designated gift) from another registered charity with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those taxation years, an amount that is less than the fair market value of the property, on charitable activities carried on by it or by way of gifts made to qualified donees with which it deals at arm's length; and

(e) of a registered charity, if an ineligible individual is a director, trustee, officer or like official of the charity, or controls or manages the charity, directly or indirectly, in any manner whatever.

Section 168:

Revocation of Registration of Certain Organizations and Associations

168(1) Notice of intention to revoke registration

The Minister may, by registered mail, give notice to a person described in any of paragraphs (a) to (c) of the definition “qualified donee” in subsection 149.1(1) that the Minister proposes to revoke its registration if the person

- (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;
- (c) in the case of a registered charity or registered Canadian amateur athletic association, fails to file an information return as and when required under this Act or a regulation;
- (d) issues a receipt for a gift 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 the granting of which was expressly or implicitly conditional on the association making a gift to another person, club, society or association.

168(2) Revocation of Registration

Where the Minister gives notice under subsection 168(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 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, if

(a) in the case of a person that is or was registered as a registered charity or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(2) to (4.1), (6.3), (22) and (23);

(b) in the case of a person that is or was registered as a registered Canadian amateur athletic association or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(4.2) and (22); or

(c) in the case of a person described in any of subparagraphs (a)(i) to (v) of the definition “qualified donee” in subsection 149.1(1), that is or was registered by the Minister as a qualified donee or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(4.3) and (22).

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

Where the Minister

(a) confirms a proposal or decision in respect of which a notice was issued under any of subsections 149.1(4.2) and (22) and 168(1) by the Minister, to a person that is or was registered as a registered Canadian amateur athletic association or is an applicant for registration as a registered Canadian amateur athletic association, or does not confirm or vacate that proposal or decision within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal or decision,

(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,

(a.2) confirms a proposal or decision in respect of which a notice was issued under any of subsections 149.1(4.3), (22) and 168(1) by the Minister, to a person that is a person described in any of subparagraphs (a)(i) to (v) of the definition “qualified donee” in subsection 149.1(1) that is or was registered by the Minister as a qualified donee or is an applicant for such registration, or does not confirm or vacate that proposal or decision within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal or decision,

(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) [Repealed, 2011, c. 24, s. 54]

(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,

(g) refuses to accept for registration for the purposes of this Act any retirement income fund,

(h) refuses to accept for registration for the purposes of this Act any pooled pension plan or gives notice under subsection 147.5(24) to the administrator of a pooled registered pension plan that the Minister proposes to revoke its registration, or

(i) refuses to accept an amendment to a pooled registered pension plan,

the person described in paragraph (a), (a.1) or (a.2), the applicant in a case described in paragraph (b), (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), the administrator of the plan or an employer who participates in the plan, in a case described in paragraph (f) or (f.1), or the administrator of the plan in a case described in paragraph (h) or (i), may appeal from the Minister's decision, or from the giving of the notice by the Minister, to the 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) [Repealed, 2011, c. 24, s. 55]

(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),

(c.2) the mailing of notice to the administrator of the pooled registered pension plan under subsection 147.5(24), or

(d) the time the decision of the Minister to refuse the application for acceptance of the amendment to the registered pension plan or pooled 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
- (c) 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) or (12) applies

188(4) Transfer of property tax

If 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, or solidarily, 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”

« montant de l'actif net »

“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”

« valeur nette »

“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.

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 sent 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 particular person in respect of the particular person'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 particular person after the day on which the Minister first assessed that liability and before the particular time to another person that was at the time of the transfer an eligible donee in respect of the particular person, 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 other 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 or registered Canadian amateur athletic association, 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.



REGISTERED MAIL

Mr. Louis Isabella
Treasurer
AAIA Allergy/Asthma Information Association
200 – 5409 Eglinton Avenue West
Etobicoke ON M9C 5K6

BN: 131765174RR0001
File # 0376798

March 15, 2018

Subject: Audit of AAIA Allergy/Asthma Information Association

Dear Mr. Isabella:

This letter results from the audit of AAIA Allergy/Asthma Information Association (the Organization) conducted by the Canada Revenue Agency (CRA). The audit related to the operations of the Organization for the period from January 1, 2014, to December 31, 2015.

The CRA identified specific areas of non-compliance with the provisions of the *Income Tax Act* and its *Regulations* in the following areas.

AREAS OF NON-COMPLIANCE		
	Issue	Reference
1.	Failure to devote resources to a charitable purpose	149.1(2), 168(1)(b)
2.	Failure to file an information return as and when required by the Act and/or its Regulations	168(1)(c), Regulation 200(1)
3.	Issuing receipts not in accordance with the Act	168(1)(d), Regulation 3500 or 3501

This letter describes the areas of non-compliance identified by the CRA relating to the legislative and common law requirements that apply to registered charities, and offers the Organization an opportunity to respond and present additional information. The Organization must comply with the law; if it does not, its registered status may be revoked in the manner described in section 168 of the Act.

Background

The Organization was registered as a charitable organization June 16, 1970, under the Corporations Act. A certificate of continuance under the Canada Not-for-profit Corporations Act was issued October 8, 2014. The Organization's purposes are as follows:

- a) to promote and advance scientific research into food allergies in humans;
- b) to disseminate information concerning the prevention and treatment of food allergies in humans;
- c) to educate the public regarding the availability of special foods, diets and recipes with which to counteract food allergies in humans;
- d) to encourage all food manufacturers to clearly list all ingredients contained in food products on the outside of all packages and containers;
- e) to use, apply, give, devote or distribute from time to time all or part of the capital fund or funds of the corporation and the income therefrom for such charitable and educational purposes within Canada as may seem expedient to the directors of the Corporation including (but without limiting the discretion herein given to the directors) the expenditure of the capital fund or funds and/or income therefrom in such manner as shall constitute a charitable object regarding all phases of scientific research into food allergies in humans.

The Organization has been audited three times since its registration. Details of these audits can be found in Appendix A.

Based on our current audit findings and the findings of the prior audits, we are concerned about the Organization's future compliance, particularly given its failure to remedy its areas of non-compliance in accordance with the corrective measures outlined in two previous compliance agreements.

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

Identified areas of non-compliance

Failure to devote resources to a charitable purpose

In order to maintain charitable registration under the Act, Canadian law requires that an organization demonstrate that it is constituted exclusively for charitable purposes and

that it devotes its resources to charitable activities carried on by the organization itself in furtherance thereof.¹ To be exclusively charitable, a purpose must fall within one or more of the following four categories (also known as "heads") of charity² and deliver a public benefit:

- relief of poverty (first category);
- advancement of education (second category);
- advancement of religion (third category); or
- certain other purposes beneficial to the community in a way the law regards as charitable (fourth category).

The question of whether an organization is constituted exclusively for charitable purposes cannot be determined solely by reference to its stated purposes, but must take into account the activities in which the organization currently engages. In *Vancouver Society of Immigrant and Visible Minority Women v MNR*, the Supreme Court of Canada stated as follows:

But the inquiry cannot stop there. In *Guaranty Trust*, *supra* at p.144, this Court expressed the view that the question of whether an organization was constituted exclusively for charitable purposes cannot be determined solely by reference to the objects and purposes for which it was originally established. It is also necessary to consider the nature of the activities presently carried on by the organization as a potential indicator of whether it has since adopted other purposes. In other words, as Lord Denning put it in *Institution of Mechanical Engineers v Cane*, [1961] A.C. 696 (H.L.), at p. 723, the real question is, "for what purpose is the Society at present instituted?"³

A charitable activity is one that directly furthers a charitable purpose, which requires a clear relationship and link between the activity and the purpose it purports to further. If an activity is, or becomes, a substantial focus of an organization, it may no longer be in

¹ See subsection 149.1(1) of the Act, which requires that a charitable organization devote all of its resources to "charitable activities carried on by the organization itself" except to the extent that an activity falls within the specific exemptions of subsections 149.1(6.1) or (6.2) of the Act relating to political activities, and *Vancouver Society of Immigrant and Visible Minority Women v MNR*, [1999] 1 SCR 10 at paras 155-159 [*Vancouver Society*]. A registered charity may also devote resources to activities that, while not charitable in and of themselves, are necessary to accomplish their charitable objectives (such as expenditures on fundraising and administration). However, any resources so devoted must be within acceptable legal parameters and the associated activities must not become ends in and of themselves.

² The Act does not define charity or what is charitable. The exception is subsection 149.1(1) which defines charitable purposes/objects as including "the disbursement of funds to qualified donees". The CRA must therefore rely on the common law definition, which sets out four broad categories of charity. The four broad charitable purpose/object categories, also known as the four heads of charity, were outlined by Lord Macnaghten in *Commissioners for Special Purposes of the Income Tax v Pemsel*, [1891] AC 531 (PC) [*Pemsel*]. The classification approach was explicitly approved of by the Supreme Court of Canada in *Guaranty Trust Co of Canada v MNR*, [1967] SCR 133, and confirmed in *Vancouver Society*, *supra* note 4.

³ *Vancouver Society*, *supra* note 4 at para 194. See also *AYSA Amateur Youth Soccer Association v Canada (Revenue Agency)*, 2007 SCC 42 at para 42, [2007] 3 SCR 217.

furtherance of a stated purpose. Instead, the activity may further, or even form, a separate or collateral purpose. An organization with a collateral non-charitable purpose is ineligible for registration under the Act.

As mentioned above, all charitable organizations registered under the Act are required by law to devote their resources to exclusively charitable purposes and activities. Although a charity can use some of its resources for fundraising to support the charitable activities that further its charitable purposes, it is the CRA's position that fundraising is not a charitable purpose in itself, nor is it a charitable activity that directly furthers a charitable purpose.

Where the resources of a charity devoted to fundraising exceed the resources devoted to charitable activities it is a strong indicator that fundraising has become a collateral non-charitable purpose. This may happen whether fundraising is done internally through staff or externally through a contractual arrangement. Merely showing that the costs associated with fundraising are at reasonable or market rates will not alleviate concerns in this regard, and, regardless of the cost of fundraising, a registered charity must devote its resources to charitable activities. If a registered charity's total resources devoted to fundraising exceed those devoted to charitable activities, it is unlikely that this legal requirement will be met.

While the Organization's purposes may be considered charitable as written, the audit has revealed that a significant portion of the Organization's resources are not being dedicated to activities carried out in support of these purposes. Rather, the audit has revealed a preponderance of effort and resources are devoted to non-charitable activities, in particular a substantial portion of the Organization's efforts and resources are devoted to fundraising activities, as well as management and administrative activities.

As mentioned above, the Organization has had three prior audits. As a result of the two most recent prior audits, the Organization entered into two Compliance Agreements, one signed August 30, 2006, and one signed May 14, 2009. The corrective measures set out in the compliance agreements related to fundraising activities were as follows:

The compliance agreement signed by the Organization on August 30, 2006, included corrective measures increasing charitable program expenditures to satisfy disbursement quota requirements as well as to eliminate the accumulated disbursement quota shortfall effective December 31, 2006.

The compliance agreement signed by the Organization on May 14, 2009, included corrective measures to reduce fundraising costs and increase program expenditures and exceed its annual disbursement quota to eliminate the existing cumulative disbursement quota shortfalls.

While the Organization has made some attempts to reduce its fundraising costs, it appears that those attempts have been unsuccessful. The Organization utilized a variety of fundraising methods in the fiscal periods under audit, including telemarketing through an external fundraiser, charitable gaming, and the Take Action run/walk event. As an example, the Take Action event in 2015 had expenses of \$26,717 and revenues of only \$2,168, which is a significant loss. In addition, the telemarketing expense to revenue ratio was 49% in 2014 and 72% in 2015. This ratio includes only the direct expenses of the telemarketer and not any of the Organization costs related to this activity, such as the cost of issuing donation receipts to donors secured by the telemarketing firm.

Using figures reported on Registered Charity Information Returns (T3010s) the Organization had an overall fundraising ratio of 56% in 2014 and 105% in 2015. An analysis of the books and records of the Organization determined that it had a fundraising ratio of 41% in 2014 and 64% in 2015. These ratios do not include any allocation to fundraising expense for employee hours spent on fundraising activities, as we were unable to make such allocations on a reasonable basis with the information available to us. The inclusion of a portion of employee salary costs would further increase the fundraising ratios of the Organization.

Also, fundraising expenses represent 40% and 49% of total expenses in 2014 and 2015, respectively. In addition, fundraising expenses are 40% and 63% of total revenues in 2014 and 2015, respectively. These percentages indicate that the Organization devotes significant resources to fundraising and that fundraising is a non-charitable collateral purpose of the Organization.

Further, the audit revealed the Organization devoted significant resources to management and administration expenses, which represented 55% and 50% of total expenses in 2014 and 2015, respectively.

Furthermore, it appears there were minimal charitable activities during the audit period which included publishing newsletters and pamphlets, answering public queries and guiding individuals to appropriate websites to find answers to their questions. The 2015 general ledger shows only \$2,258.87 incurred for "third sector publishing" and a \$3,000 gift to a qualified donee. The 2014 general ledger shows \$1,695 for the same expense as well as [REDACTED] expense of \$1,386.68, [REDACTED] of \$113 and a \$16,000 gift to a qualified donee. These expenses appear to have been incurred for charitable programs or gifted to another registered charity for use in its charitable programs, but we were unable to verify that any additional expenses of the Organization were incurred directly for charitable purposes. The remaining expenses appear to be mainly management and administration.

The audit findings reveal that the Organization devotes a substantial portion of its resources to fundraising and administration activities as opposed to charitable activities. It would appear that fundraising and administration are the primary purpose of the Organization, rather than advancing any recognized charitable purpose. In continuing to devote substantial resources to these activities, specifically fundraising, the Organization has failed to implement the corrective measures as outlined and agreed to in the Compliance Agreement. It is our view that by pursuing these non-charitable purposes, the Organization has failed to demonstrate that it meets the test for continued registration under 149.1(1) as a charitable organization, "all the resources of which are devoted to charitable activities". For this reason, it appears there may be grounds for revocation of the charitable status of the Organization under paragraph 168(1)(b) of the Act.

Other areas of non-compliance:

Failure to file an information return as and when required by the Act

Regulation 200(1) of the Income Tax Act requires that annual T4 Summaries and T4 Statements of Remuneration Paid be prepared for the salaries or wages paid by the employer. In addition, the Organization is required to prepare T4A Summaries and T4A slips for the contract payments over \$500 made to individuals for the services received during the calendar year. T4/T4A Summaries of remuneration paid and T4/T4A slips must always be based on the calendar year.

The audit revealed that the Organization made contract payments to individuals for the services received during the audit period. Payments were made to an individual for the bookkeeping and accounting services received during the audit period but no T-slips were issued for the payments. The payments to the individual bookkeeper were \$13,560 for 2014 and \$13,108 for 2015. The Organization failed to prepare T4/T4A Summaries and T4/T4A Statements of Remuneration Paid.

Under paragraph 168(1)(c) of the ITA, the Minister may, by registered mail, give notice to the charity that the Minister proposes to revoke its registration if the charity fails to file an information return as and when required under this Act or a regulation. For this reason, it appears there may be grounds for revocation of the charitable status of the Organization.

Issuing receipts not in accordance with the Act

Subsection 3501(1) of the Regulations provides that each official donation receipt that a registered charity issues must include, in a manner that cannot be readily altered, the prescribed contents of a receipt. Regulation 3501(1) (a) requires that every official

donation receipt issued by a registered Charity shall contain its name as recorded with CRA

The audit revealed that the Organization failed to include its proper name on all of its official receipts for tax purposes. The official name of the Organization is "AAIA Allergy/Asthma Information Association" but some of the receipts issued by the Organization show the name as "Allergy/Asthma Information Association".

Accordingly, it is our position that the Organization has failed to meet the requirements of sections 3501 of the Regulations about issuing receipts ensuring all the required information is present. For this reason, it appears there may be grounds for revocation of the charitable status of the Organization under paragraph 168(1)(d) of the Act.

The Organization's options:

a) No response

The Organization may choose not to respond. In that case, the Director General of the Charities Directorate may issue a notice of intention to revoke the registration of the Organization in the manner described in subsection 168(1) of the Act.

b) Response

If the Organization chooses to respond, send written representations and any additional information regarding the findings outlined above **within 30 days** from the date of this letter to the address below. After considering the response, the Director General of the Charities Directorate will decide on the appropriate course of action. The possible actions include:

- no compliance action;
- issuing an educational letter;
- resolving the issues through a Compliance Agreement;
- applying penalties or suspensions or both, as described in sections 188.1 and 188.2 of the Act; or
- issuing a notice of intention to revoke the registration of the Organization in the manner described in subsection 168(1) of the Act.

If the Organization appoints a third party to represent it in this matter, send us a written request with the individual's name, the individual's contact information, and explicit authorization that the individual can discuss the file with us.

If you have any questions or require further information or clarification, do not hesitate to contact me at the numbers indicated below. My team leader, Maria Grieco may also be reached at (519) 584-3974.

Yours sincerely,



Luke Jantzi

Charities Audit

Kitchener TSO

Telephone: 226-989-3061

Facsimile: 519-585-2803

Address: 166 Frederick Street
Kitchener ON N2H 0A9

c.c.:



200 - 5409 Eglinton Avenue West
Etobicoke, ON M9C 5K6

Allergy Asthma

information
association



AAIA Allergy/Asthma Information Association
Association d'information sur l'allergie et l'asthme
5409 Eglinton Avenue West, Unit 200, Toronto, ON M9C 5K6
Toll Free: 1-800-611-7011
Email: admin@aaia.ca Website: www.aaia.ca

To: Luke Jantzi, Charities Audit, Kitchener TSO

From: AAIA Allergy/Asthma Information Association Charitable
Registration Number 13176 5174 RR0001

Re: Audit of AAIA Allergy/Asthma Information Association

Item #1 – Failure to devote resources to a charitable purpose

AAIA Allergy/Asthma Information Association Mission Statement is to:
'Help and support people with allergies, asthma and anaphylaxis to
lead healthy, productive lives. We provide current credible resource
and education for individuals, organizations and communities. Our
mandate is to serve the allergic individuals and their families across
Canada.

All our delivery of service is focused on the 3 A's: Awareness,
Avoidance and Action of allergy, asthma and anaphylaxis. See the
attachment for your review: "AAIA Goals and Achievements"

2014/2015". This document gives you a detailed explanation of the program activity taken on by the association to fulfill our obligation of acceptable charity activity.

Our By-laws of 1991 set an organizational structure that had representation from five regions across Canada. This created challenges for us with spreading our resources so thinly. When we revised our By-laws in 2014 to apply for Continuance we centralized the organizational structure. We had identified the need for change in 2013 when we hosted our weekend Strategic Planning Session for staff, board and key volunteers.

The planning session identified the need to re-examine the roles of staff to align with a new organizational structure. Our long-term Executive Director was ready to move on. We also identified that the new hire of Executive Director should be a full-time position. We had identified that change was needed and the transition of organizational structure and effective utilization of staffing was put into our strategic plan for 2014 through 2016.

In 2014 we put our Strategic Plan in place to hire a new Executive Director. The costs for an E/D in 2014 were for a 10 hour a week position. This was not enough time to give the role but this individual was already stretched to the max with other commitments. She was willing to help with the search and training of a replacement. We hired a new full-time E/D in January 2015. The retiring E/D stayed on until the end of February 2015 to help with training. This explains the increase in payroll costs from 2014 to 2015. The full-time E/D is responsible for delivery of service to all Provinces and Territories with the support of an employee in BC and Alberta, each providing 15 hours a week.

The true cost of delivery of service is not reflected in our financials. We coordinate Partnerships with others in which they cover the direct costs; we solicit donations in-kind, particularly for our events; we have commuted volunteers that give their time and expertise to coordinate events; Allergists of the [redacted] public speak at our events and vet our medical material pro bono; and, we partner with other charities in the field of allergy to create material but only give our time and expertise.

Examples:

- We partnered with the [redacted] to revise and distribute AAIA's Milk Allergy pamphlet. AAIA staff reviewed and updated the original pamphlet that also had been partnered with the [redacted]. Once the revisions were done AAIA had an Allergist of the [redacted] vet the document for medical accuracy. AAIA sent a copy to the publishing company of the [redacted] choice. The [redacted] helped to distribute the pamphlet and sent 30,000 pamphlets to AAIA which we distributed to allergists, physicians, allergic individuals across Canada. The only direct cost for all this that you will see on the financials will be the delivery cost to get the pamphlets to our employees in BC and Alberta plus the mailing costs if there is a request from an individual or medical office.

- [redacted] AAIA partnered with [redacted] for the original handbook and an electronic version [redacted] AAIA contributed their time and expertise for the original handbook and subsequent updates. As a partner of the project AAIA has the right to sell the handbook on our website. It is purchased by individuals and schools.

All the contributions by partners, in-kind donors, hours donated and pro bonos could be estimated to be in the tens of thousands of dollars. If these hidden costs were attributed to the financials, the ratios you are looking at would put us well within compliance. Evidence shows that we are compliant in the programming for allergic individuals and their families that we accomplish. We should not be penalized for working smart.

AAIA has contracts with the Ontario Gaming Authority and

██████████ The funds are put into trust accounts and there are strict rules on using the net proceeds. The Ontario Gaming funds are for use of delivery of service in Ontario while the ██████████ is to service the Brampton/Peel Region. 100% of the net proceeds go to delivery of service. We are accountable to the Ontario Gaming on a quarterly basis and the ██████████ on a monthly basis. For use of the funds in the ██████████ account we get authorization first before we write a cheque.

At AAIA's Strategic Planning Session in 2013 we identified fund raising as one of our challenges. Our Number One Priority was to establish a financial plan that focuses on the long-term viability of AAIA Allergy/Asthma Information Association by developing a sustainable financial base incorporating Foundation Grants; Corporate Grants in Kind; Government Grants; Direct Marketing; Planned Giving and Bequeaths. We started immediately in 2014 to establish a Donor Recognition Plan and to review and revise fund raising policies. In 2015, when the new E/D came on board her role was to get to know the association and the allergic community, to become familiar with our established donors, to begin applications for grants from Foundations and to explore opportunities for developing new funding partnerships. The E/D's role was also to train our staff in fund raising.

In summary, [REDACTED] whom AAIA Allergy/Asthma Information Association partners with [REDACTED] [REDACTED]. The number of those affected increases when you include their families. We have had a positive impact on those allergic individuals and their families that we have reached through our charitable activities. The enclosed attachment "AAIA 50th Anniversary Celebration" gives you an overview of how the allergic individuals and their families value our charitable activities on allergy, asthma and anaphylaxis.

Item #2 – Failure to file and information return as and when required by the Act and/or its Regulations

The Association has gone through previous audits and it was never suggested that we prepare T4A's. We have had conversations with auditors in the past and they have told us that it has always been a grey area as to the reporting of T4A's.

We actually find it offensive that we are now receiving a threat from CRA that this is grounds for revocation.

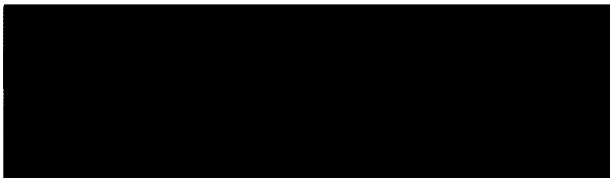
All payments have always been reported on our annual charity return.

We will prepare T4A's and file the T4 information return for 2018 and if required can easily go back to previous years and file retroactively.

Item #3 -Issuing receipts not in accordance the the Act:

AAIA Allergy/Asthma Information Association aims to be in compliance with CRA regulations. This issue appears to be a breakdown in communication. AAIA Board Chair has given a directive to AAIA Executive Director to immediately conduct a review of all sources of donation receipting from AAIA and to amend, if necessary, to the name AAIA Allergy/Asthma Information Association to put us in compliance with CRA regulations. The E/D will report to the Chair and Treasurer when complete. Please see attached 'AAIA Allergy/Asthma Information Association Donation Tax Receipt" for your review.

Submitted by (with contributions from Sharon Van Gyzen and [REDACTED]):



Louis Isabella, Treasurer
AAIA Allergy/Asthma Information Association

Attachments:

- AAIA Goals & Achievements 2014/2015
- AAIA 50th Anniversary Celebration
- AAIA Allergy/Asthma Information Association Donation Tax Receipt

**Allergy
Asthma**
information
association

AAIA Allergy/Asthma Information Association
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5409 Eglinton Avenue West, Unit 200, Toronto, ON M9C 5K6
Toll Free: 1-800-611-7011
Email: admin@aaia.ca Website: www.aaia.ca

**Allergie
Asthme**
association
d'information

January 23, 2018

«AddressBlock»

Dear «GreetingLine»

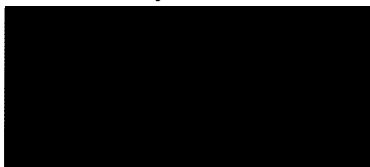
Thank you for your most recent donation in the amount of \$«Donation».00 to the AAIA Allergy/Asthma Information Association. **Your official tax receipt for income tax purposes is attached.** Please take a moment to detach it and place it in your income tax file.

The AAIA's goal is to improve the management of allergy, asthma and anaphylaxis from coast to coast to coast across Canada, in English and in French. Your generous support helps us to fulfill our mission which is to create safer environments for the over twelve million Canadians affected by allergies, asthma and anaphylaxis.

Your generous gift will help fund public education, one-on-one peer support and research. Your gift, along with the support of other generous contributors, makes it possible for us to expand and enrich the services we provide in many communities across Canada

Again, thank you for helping us continue this important work that we do. **If you would like your donation receipt e-mailed to you in the future please include your e-mail address on your next donation.**

Sincerely,

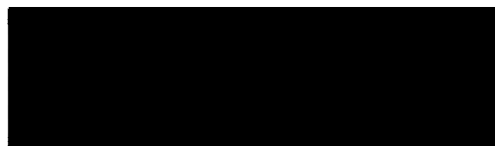


Please detach here and retain this portion. It is your official tax receipt.

OFFICIAL TAX RECEIPT FOR INCOME TAX PURPOSES

AAIA Allergy/Asthma Information Association
Association d'information sur l'allergie et l'asthme
5409 Eglinton Avenue West, Unit 200, Toronto, ON M9C 5K6
Tel: 416-621-4571 Toll Free: 1-800-611-7011 Fax: 416-621-5034

THANK YOU FOR YOUR GIFT



«AddressBlock»

Receipt Date: January 23, 2018
Receipt No. «Tax_Receipt_NO»
Gift Date: «donation_date»
Gift Amount: \$«Donation».00

Allergy Asthma



AAIA

Allergy/ Asthma Information
Association

AAIA Allergy Asthma Information Association (AAIA) is a member network of Canadians who support research in finding a cure for Allergy and Asthma. The AAIA's mission is to help and support people with allergies, asthma and anaphylaxis to lead healthy, productive lives. We provide current credible resources and education for individuals, organizations and communities.

5409 Eglinton Ave, West, Suite 200, Toronto, ON M9C 5K6
CRA# 131765174 RR0001

AAIA Vision:

AAIA is the trusted and current resources for allergies, asthma and anaphylaxis welcoming all with a sense of community.

AAIA Values:

The following core values guide our decisions and actions: Making a

Difference, Leadership, Excellence, Integrity and Commitment.

AAIA Goals:

To educate Canadians on the 3 A's: Awareness, Avoidance and Action. We encourage patients to obtain accurate medical diagnosis from a professional allergist, to learn about allergen avoidance, to learn about proper use of medications, to develop coping skills and to learn to be prepared for medical emergencies related to allergy, asthma and anaphylaxis.

To partner with members of Allied Health Professionals, Scientific Community, Pharma Industries and Governments (Federal, Provincial and Municipal) to advocate policies and programs that create safer environments and improve quality of life for Canadians affected by allergy, asthma and anaphylaxis. Key partnerships for 2014/2015:

[Redacted]

Canadian Allergy, Asthma and Immunology Foundation (CAAIF),

[Redacted] Health Canada, other allergy charities [Redacted]

[Redacted] AAIA Community Workers, Ministry of Education

New Brunswick. To deliver services focused on education and prevention. AAIA supports evidence-based medical practices and information using the guidelines [Redacted]. All AAIA medical documents are vetted by an Allergist [Redacted]. We publish and distribute newsletters, information letters and training kits in French and English.

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To review and enhance AAIA's programs and services for effective governance.

Background:

In September 2013 AAIA hosted a weekend Strategic Planning Session for staff, board and key volunteers. We hired [REDACTED] to guide the weekend and document the outcomes.. The final draft was approved by the Board in early 2014 and determined our Strategic Plan for 2014 and 2015. As a followup to this, we did an Organizational Review of the association.

Priority Strategic Plans for 2014/2015:

Hire a new Executive Director

Comply with CRA request to file for continuation under new Charity Act

Develop plan for sustainable funding

Celebrate 50th Anniversary of AAIA

Branding of EpiPen Take Action Event

Develop good communication with key volunteers of events

Take Advantage of Social Media

Conduct an Organization and Governance Review and put plan in place

to move forward

Key Accomplishments in 2014 and 2015:

- Consulted with legal counsel to review and revise new By-Laws, Letters Patent, and Articles. Presented at September 2014 AGM. Approved. Filed for continuance with Corporations Canada.

- In 2014 a Hiring Committee was formed to search for a new Executive Director. Candidate profile was developed, salary surveys for n-f-p in Greater Toronto area were studied, job description was developed, advertisement was developed and posted on Charity Village website, candidates were screened and interviewed. Agreement was made with successful candidate for a start date of January 2015 for a full time position. E/D overview to be staff management, operational planning, sponsorship and revenue generation, networking and partnerships and advocacy.
- Organization and Governance Review conducted which provided a detailed plan of Human Resource utilization, Board succession and governance roles of Board, and a framework for organizational accountability outcomes.
- Applied for and accepted by Imagine Canada to use their Accreditation Logo on all our material and website. Very intensive application process to meet Imagine Canada's 'Standard Program

of Compliance'.

- Editorial partnership with Asthma & Allergies Cross-Media Campaign for flier insert [REDACTED] was written by [REDACTED], AAIA E/D "Allergy and Asthma: Managing Risks". Article written by E/D and editorialized pro bono. AAIA paid \$1500 for advertising of events.
- Partnership [REDACTED] to publish and distribute 30,000 'AAIA Milk Allergy' pamphlets across Canada.

Partnered [REDACTED] to sit on [REDACTED] Steering Committee [REDACTED] Program.

- A two-hour presentation of topics related to allergy, asthma and anaphylaxis over five weeks hosted by an AAIA Community Volunteer in Surrey, BC. Topics: "Top Natural Remedy must Haves for Cold and Flu Season" presented by [REDACTED] "Nourishing from Bump, to Baby, to Toddler" presented by [REDACTED] [REDACTED] "The Three A's of Allergies – Awareness Avoidance & Action" presented by [REDACTED] AAIA; "Childhood Development: Getting the Best Start for Your Baby" presented by [REDACTED]; "Sun Awareness, Bites, Cuts & Stings: presented by [REDACTED] Community Pharmacist.
- Partnership [REDACTED] in consultation with patient associations for an electronic version 3rd Edition [REDACTED] [REDACTED]
- Updated electronic version of 'AAIA Anaphylaxis Kit' and

coordinated AAIA Volunteer to conduct allergy training in the schools as part of agreement with Ministry of Education of New Brunswick, NB School Policy 74.

- Produced “AAIA Restaurant and Food Services Presentation”, a PowerPoint slide presentation consisting of 36 slides which provide allergy awareness and training for management and staff in the restaurant and food service industry.
- Prepared and delivered training for kitchen and serving staff of [REDACTED] just opening up.

- Corresponded with the Ski Patrol Supervisor at [REDACTED] in Banff, AB re: first aid training resources for anaphylaxis and asthma. Sent package with EpiPen and Allerject trainers to be used for training ski resort staff.
- Collaborated on the [REDACTED] primary care study headed by [REDACTED], an asthma researcher and respirologist at the University of Alberta. The study will be a national survey study focused on patient access and/or barriers to asthma care across the country.
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- AAIA presented an Anaphylaxis Presentation for camp counselors for the Eureka Camp Society held on Sunshine Coast of BC for children with neurological deficits.

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Allergy Asthma

information
association

50th ANNIVERSARY
1964-2014

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Allergy & Asthma News

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Federally Registered
Charity
131-765-174 RR0001

www.aaia.ca

IN THIS ISSUE:

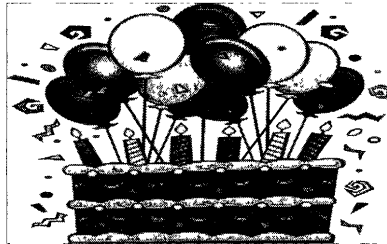
<i>Celebrate with us!</i>	1
<i>Contact Information</i>	2
<i>2014 Take Action Events</i>	3
<i>Celebrating the 10th Anniversary of our Fundraising Walk/Runs!</i>	4
<i>Tips for Reducing Pollen and Household Allergens</i>	4&5

2014

Celebrate with us!

AAIA's 50th Anniversary

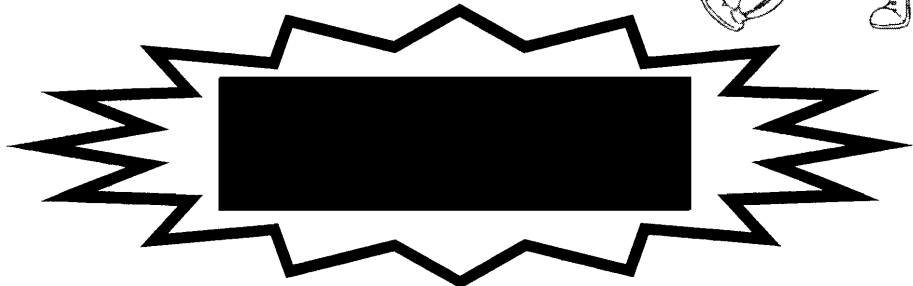
...article page 7




and

10th Anniversary of the AAIA Walk/Runs*

...article page 4



* Now called  Take Action Events

Allergy/Asthma Information Association Mission Statement

The AAIA creates safer environments and improves quality of life for Canadians affected by allergy, asthma, and anaphylaxis by empowering individuals and providing education, leadership, and a national voice

**AAIA
Board of Directors**

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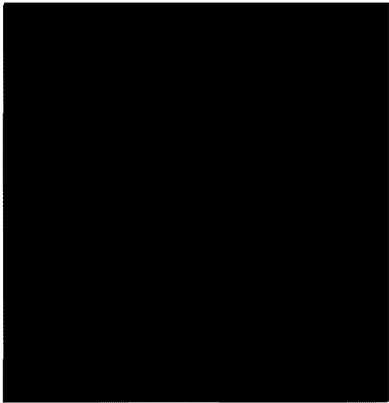
[Redacted]
Carol Sleeth, Kingston, ON
[Redacted]

Editors:
[Redacted]

Set up:
[Redacted]

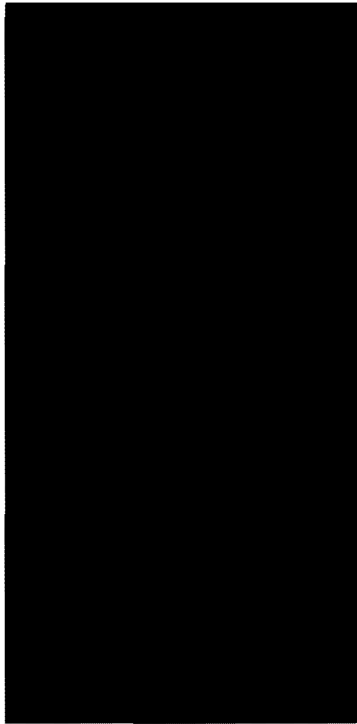
Translation:
[Redacted]

**Professional Advisors
to the AAIA**



Thank you to [Redacted]
[Redacted] for reviewing this
edition of the Allergy & Asthma
News for medical accuracy.

**Thank You
Proud Supporters
of the
Allergy/Asthma
Information Association**



Brochures Available

- Anaphylaxis
- Egg Allergy - The Facts
- Milk Allergy - The Facts
- Peanut and Nut Allergies - The Facts
- Asthma - The Facts
- Dust brochure

TO ORDER:

Copies of the AAIA brochures can be downloaded from our website www.aaia.ca For more information, contact one of our regional offices.

Please note that the content of this newsletter is not a substitute for professional medical advice. Mention of product brand names does not constitute endorsement. This material is protected by copyright.

**Contact
Information:**

AAIA National Office

[Redacted]
Toll free 1-800-611-7011
Phone 416-621-4571
Fax 416-621-5034
E-mail: admin@aaia.ca
Website: www.aaia.ca

AAIA BC/Yukon

[Redacted]
Toll free: 1-877-500-2242
E-mail: bc@aaia.ca

AAIA Prairies/NWT/Nunavut

[Redacted]
Toll free: 1-866-456-6651
E-mail: prairies@aaia.ca

AAIA Ontario

[Redacted]
Toll free: 1-888-250-2298
E-mail: ontario@aaia.ca

AAIA Quebec

[Redacted]
Toll free: 1-800-611-7011
E-mail: quebec@aaia.ca

AAIA Atlantic

Toll Free: 1-800-611-7011
E-mail: atlantic@aaia.ca



2014 Take Action Events

This year we are celebrating the 10th year of AAIA organizing runs and walks across Canada. The first year we had one walk in Whitby, Ontario and since then we have had walks in various other cities across Canada. The goal of the events is to:

Grow...

Grow a community of parents, children and supporters who understand the challenges of living with anaphylaxis, allergies and asthma.

Raise...

Raise critical funds for research and education while increasing awareness and empowering the community.

Share...

Share your story and learn from other families and peers who are managing anaphylaxis, allergies and asthma and striving for a better quality of life.

For information about the walk/runs you can go to www.aaia.ca or <https://aaia.raiseapp.ca/home>. If you are interested in volunteering at any of the events please contact takeaction@aaia.ca and let them know which city you would like to volunteer at.

We look forward to seeing everyone out at an event and if you are unable to attend or there is not an event in your area you can still participate by donating online.

The walk/runs this year will be hosted in five different cities across Canada and the details are:

Ottawa Ontario

Date: Saturday May 3, 2014

Description: 5km Walk and 5km Run

Location: Tunney's Pasture - Parkdale Ave & Columbine Parkway

Check-in Time: 8:30 AM

Start Time: 10:00 AM

Burlington Ontario

Date: Sunday May 25, 2014

Description: 5km walk along with activities

Location: Ireland Park 2315 Headon Forest Drive

Registration: 10:00 AM

Event Time: 10:30 AM - 12:30 PM

(Please note: Due to park availability, the location has been changed from Oakville to Burlington.)

Montreal Quebec

Date: Sunday May 4, 2014

Description: 3.2km Fun Walk

Location: Angrignon Park 7503, boul. de la Vérendrye

Registration: 9:00 AM

Start time: 10:30 AM

Calgary Alberta

Date: Saturday June 7, 2014

Description: Family Walk/Run and Family Fun Event

Location: Arbour Lake #12 Arbour Lake Drive NW

Check in Time: 9:00 AM

Start Time: 10:00 AM

Whitby Ontario

Date: Saturday May 24 2014

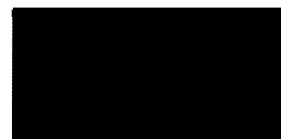
Description: Fundraising Fair & Walk/Run

Location: Heydenshore Pavilion (adjacent to the Whitby Waterfront Trail)

Registration & Fair Fun Starts: 9:00 AM

Walk/Run Start Time: 10:30 AM

(Please note: The above is a date change from what was previously reported.)

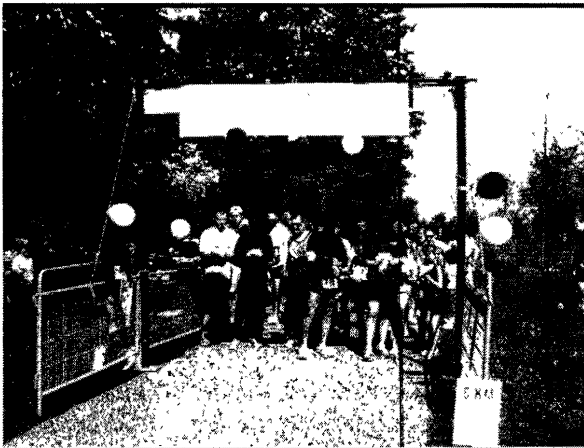


Take Action Event

Supporting Education and Research

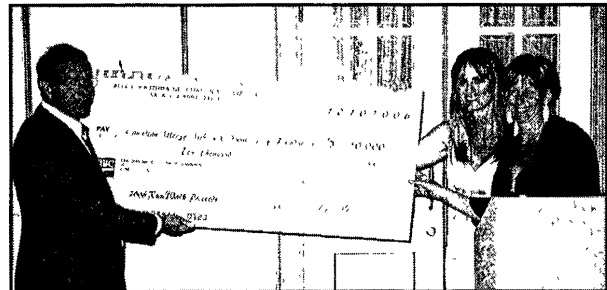
Celebrating the 10th Anniversary of our Fundraising Walk/Runs!

AAIA's First Fundraising Walk/Run - 2005



Whitby, ON May 29, 2005 - AAIA's first fundraising walk/run event raised \$5,000 for CAAIF for education and research.

AAIA's Second Cheque presentation to CAAIF -2006



AAIA's second cheque presentation to CAAIF for \$10,000.

The Canadian Allergy, Asthma and Immunology Foundation (CAAIF) is a registered charity dedicated to funding research into the causes, prevention and treatment of allergic diseases; and educating health care professionals, patients and the public about the advances in research and treatment. www.allergyfoundation.ca

AAIA thanks all of our sponsors and donors, staff and volunteers, and all the participants from the past nine years. Without all of you, these events would not have happened.

We look forward to a successful 10th year of fundraising walk/runs in 2014.

Tips for Reducing Pollen and Household Allergens

By [REDACTED], Volunteer, Prairies Region

As the old phrase goes, "home is where the heart is". Staying in for the night should be a peaceful experience. But be it runny noses, watery eyes, or congestion, relaxing at home can sometimes be a struggle. You shouldn't have to just "get used to it"; you can reduce the allergens around the house and make home a place of comfort with proper measures in place. To assist with your spring cleaning and make the home a more relaxing place, I have compiled some common household allergens and some methods for reducing their impact on daily living.

Pollen, especially from the garden, can be troublesome at the best of times. Only the dead of winter seems to offer relief from some of them. This is because different plants pollinate at different times of the year. In spring, there is pollen from trees. In summer, it's grass. And in fall, ragweed can cause hay fever. To avoid having

allergic reactions outside and to minimize the probability of tracking the pollens inside, consider the following options:

- Wear sunglasses when you're outdoors. Pollen can travel a great distance due to wind and sunglasses can prevent airborne pollen from irritating your eyes.
- When you get indoors after a long walk outside, your clothes may have collected pollen on them. You can change your clothes once you get inside so that you have a set of pollen free clothing. You should also consider washing the clothes you wore outside to remove any pollen they might have collected.
- If you're going to go gardening, consider wearing a mask and eye protection.
- Note that airborne pollens can find their way inside the house. To help prevent this, keep your windows closed during the height of pollen season.
- Pets can also bring pollen inside on their fur. Washing them frequently will help prevent the spread of allergens inside the house.

(continued on page 5)

(continued from page 4)

Tips for Reducing Pollen and Household Allergens

- If you have flowers to decorate your house, you can ask for the stamens to be removed. Pollen is released by the stamens and removing them will reduce pollen exposure.

Even worse than pollen can be mould. Mould grows in a wide variety of places and can be resilient to removal efforts. Mould particularly enjoys moist places with still water. The bathroom is a major living environment for mould.

- Consider using washable rugs and, if possible, consider removing any carpeting in your bathroom.
- The steam from showers also allows water to collect on the bathtub and walls. If your walls have wallpaper, consider replacing it to reduce the chance for mould growth.
- Cleaning the shower curtains and bathtub after each use will help prevent build up of mould. If mould does arise, rub the area with bleach to remove it. Vinegar works as well.

Outside the bathroom, the kitchen is the second largest collection of mould in the house. Food provides high levels of nutrients for mould to live on.

- Extra care must be taken to ensure that mould is cleaned from the kitchen. Mould will thrive when food is left out for extended periods of time. To prevent this, wash dishes daily and clean the sink to prevent food particles from sticking.
- If food needs to be left outside the refrigerator, such as pet food, place them in containers to prevent stray airborne mould particles from attaching to the food.
- Keeping food in a cold refrigerator will help prevent the growth of mould. While this helps, it will not keep food safe permanently. If mouldy food is found in the fridge, remove it and clean the area it was found.
- Mould can travel from one piece of food to another. This is a concern if fruit or vegetables are kept together as part of the mould can survive in the fridge by moving from one fruit to another. In this sense, one bad apple can indeed literally ruin the bunch.
- Food in the kitchen garbage is an excellent host for moulds. Keep the garbage covered and consider emptying the garbage daily to prevent collection of mould inside the house.

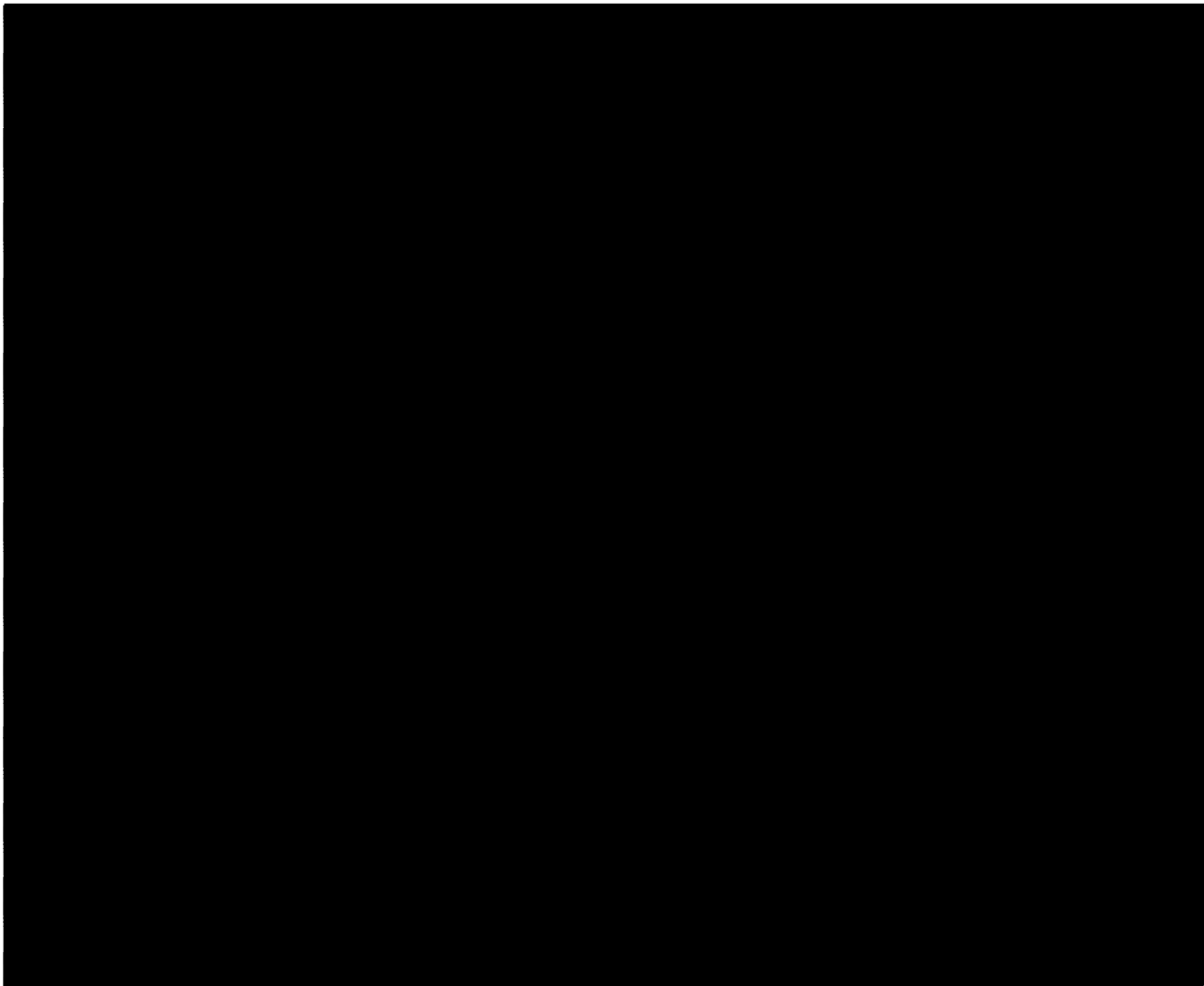
Another element to house cleaning is dust. Dust can

provide a living space for dust mites, which can cause allergic reactions. Removing all dust is impossible as it can collect in almost every location. It is probably more effective to consider ways to prevent dust accumulation instead of preventing dust formation.

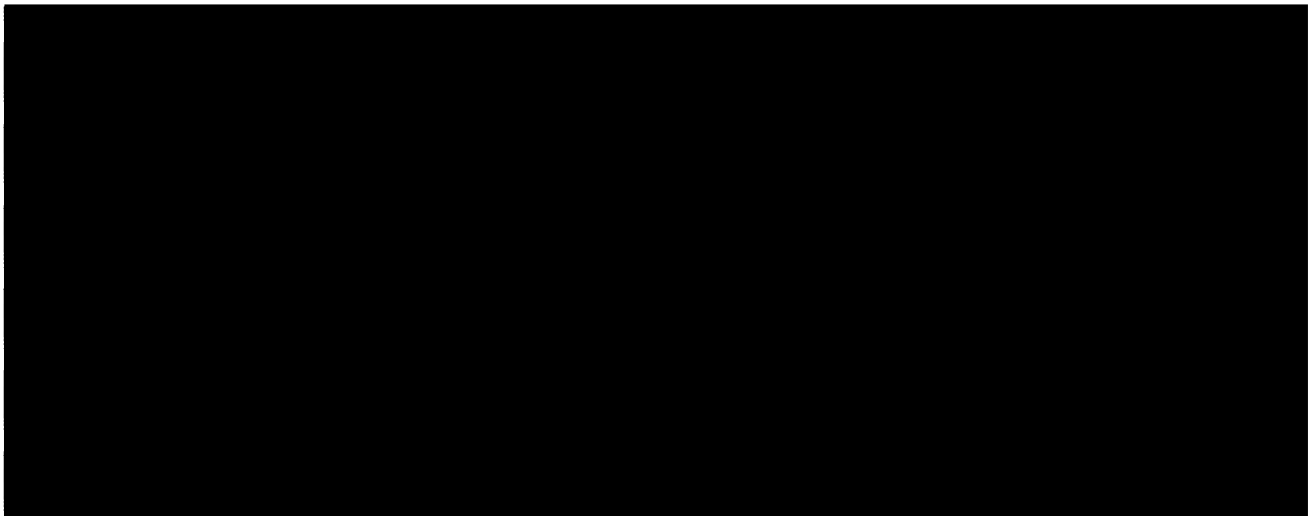
- It is harder to remove dust effectively from locations which are cluttered or have a high surface area. Reducing the amount of clutter on tables and countertops will make it easier to clean the area.
- When cleaning dust, use a moist towel or electrostatic cloth. Many feather dusters can send dust into the air instead of collecting it.
- Carpeting is an excellent accumulator for dust. The [REDACTED] staff recommends considering tile or wood flooring instead of carpet. If this isn't an option, HEPA filter vacuum cleaners can provide a finer cleaning of the carpets than regular vacuums. Built-in vacuums are considered one of the best methods of removing dust as the fine dust particles are vented to the outside of the house rather than recirculating into the room air as may occur with a poorly-filtered or older model vacuum cleaner.
- Similarly, [REDACTED] staff also notes it is harder to remove dust from upholstered furniture. Solid surfaces such as leather couches or wood tables are suggested instead.
- To prevent clothes from collecting dust, keep them in closed drawers.

[REDACTED]
[REDACTED]
[REDACTED] There are suggestions for all areas of your house to prevent allergic and asthmatic reactions. [REDACTED]
[REDACTED]
[REDACTED]





Last updated: Dec 2 2013



What are your memories of AAIA's first 50 years?

AAIA is proud to be celebrating our 50th anniversary and we are putting together a memory book. The book will be available through the AAIA website once it is completed.



Why not be part of our memories? This is your invitation to share your AAIA experiences. Send us your story, pictures or memories that you would like to see as part of the book. Tell us what AAIA means to you and/or your involvement with AAIA; i.e. how AAIA

made a difference in the life of yourself or loved one, an opportunity to volunteer and make a difference in your community, etc. You may wish to reflect back as to how far we have come with awareness and education and how that has impacted the lives of people with 3A's today. We welcome your input even if you are a relative newcomer to AAIA's history.

You can send your submission or questions to [redacted]

Please include "memory book" in the subject line of your email. If you are mailing your submission please include your e-mail address so we can notify you when the Memory Book is available on our website.

Some contributions may be edited and final selection for inclusion in the Memory Book will be the decision of AAIA.

Become an Allergy/Asthma Information Association Member Today

Please activate my new membership
For: One year \$35.00 Two years \$60.00 (circle one)

Please renew my membership
For: One year \$35.00 Two years \$60.00 (circle one)

Please Mail to: AAIA National Office, [redacted]

Name: _____

Address _____

City/Town: _____ Province: _____ Postal Code: _____

Tel.: _____

E-mail _____

I am interested in:
Allergy Asthma Anaphylaxis All aspects

Payment by:
Cheque (Made out to the Allergy/Asthma Information Association)
Visa/MasterCard # _____ Expiry _____
Signature _____

*We do not rent, sell or trade our mailing lists. Our privacy policy can be found at www.aaia.ca

Safe Air Travel Security Screening for people with allergies

Airplane passengers with allergies flying through the USA can get assistance regarding security screening through a program called "TSA Cares". The TSA, or Transportation Security Administration, is responsible for security screening in the USA.

TSA Cares is a help line to assist travelers with disabilities and medical conditions. Call the TSA toll free number 72 hours ahead of travel for information about what to expect during screening, or to request special assistance. Passengers with allergies might want to call TSA Cares to ensure that screeners are prepared for them, particularly if they need to travel with medically necessary excess liquids and gels, such as certain foods, drinks and freezer packs. You can ask that anyone examining your checked or carry-on luggage uses clean gloves and takes other steps to prevent contamination of your items with allergens.

During a recent flight out of the USA, one of our members learned that the TSA does not allow gel freezer packs that remain flexible when frozen, and prefers that any liquids be in clear containers. Certain screening tests

do not work if bottles are blue-tinted.

Regardless of whether allergic passengers call TSA Cares in advance, you can always ask to see a supervisor when approaching security screening and explain your needs. Have medical documentation specifying your need to travel with liquids and or gels in excess of the 100 ml limit. Say you are a passenger with "special needs" and you are carrying "medically necessary excess liquids and or gels". This will help screeners understand that you are entitled to carry the items you need. They will conduct special tests on your items to ensure that they are not dangerous. You can carry disposable paper tablecloths to line the security bins and cover tables for when they remove items from your carry-on bags for screening. These are available at dollar stores, and can be cut in half in advance.

In Canada, follow similar steps by contacting CATSA in advance AT 1-888-294-2202. Representatives at this number can have someone from security screening at the airport you are leaving or traveling through contact you to discuss your special screening needs.

See more at <http://www.tsa.gov/traveler-information/travelers-disabilities-and-medical-conditions>

Disclaimer: although these sites have been reviewed, the AAIA does not guarantee the medical accuracy of their contents.



REGISTERED MAIL

Africa We Care
17806 107 Avenue NW
Edmonton AB T5S 1J1

JUN 26 2017

BN: 860653930RR0001

Attention: Mr. Chukwuemeka Obiajunwa

File #: 3019611

**Subject: Notice of Intention to Revoke
Africa We Care**

Dear Mr. Obiajunwa:

We are writing further to our letter dated March 17, 2016 (copy enclosed), in which you were invited to submit representations as to why the registration of Africa We Care (the Organization) should not be revoked in accordance with subsection 168(1) of the *Income Tax Act* (Act).

We have now reviewed and considered your written responses, both of which were undated. You submitted your first response addressing our concerns in person on July 25, 2016, and you submitted a draft memorandum of understanding on November 17, 2016. However, notwithstanding your replies, 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. The basis for our concerns is explained below.

1. Failure to maintain adequate books and records

As stated in our previous letter dated March 17, 2016, our audit findings revealed that the Organization has failed to maintain adequate books and records as required by subsection 230(2) of the Act, despite previously agreeing to take related corrective measures further to the Compliance Agreement it signed with the CRA on August 24, 2007 (copy enclosed).

In particular, our audit found:

- The Organization did not keep source documentation for \$158,917 of the \$165,417 in total expenses claimed. The only invoices noted in the books and records were invoices for two freight charges in 2010 amounting to \$6,500;

- The Organization does not have a board of directors that is active and responsible for establishing and maintaining an adequate internal control structure that minimizes the risks associated with potential misstatements in the financial reporting of the Organization, safeguards the Organization's assets, and prevents or detects material errors and fraud; and
- The Organization was unable to provide any loan agreements for loans made by board members to the Organization.

The Organization's July 25, 2016, representations claim it was "poorly served and mostly misled" by its previous accountant, but that in May 2016, it retained the services of a bookkeeper, [REDACTED], "a Consultant at a major Canadian financial institution," "now a committed and dedicated volunteer." The representations describe the bookkeeper's responsibilities as including establishing an internal ledger, and identifying omitted, forgotten, or neglected documents, and state the Organization's future intention to preserve documentation, including agendas, and itineraries of travel.

While we have provided the Organization additional opportunities to provide information and documentation to substantiate the proposed changes described in its response, the Organization has not produced any material demonstrating it has implemented or has the capacity to implement any of the required changes necessary for it to maintain adequate books and records in accordance with the Act.

It therefore remains the CRA's position that the Organization failed to maintain adequate books and records of account as per subsection 230(2), in contravention of paragraph 168(1)(e) of the Act, and that its charitable status under the Act should be revoked.

2. Failure to devote resources to charitable activities

As stated in our previous letter dated March 17, 2016, our audit found that the Organization failed to demonstrate that it is operated exclusively for charitable purposes. We were unable to verify the expenses, charitable or otherwise, the Organization has purportedly incurred due to a lack of source documentation, despite previously agreeing to take related corrective measures further to the Compliance Agreement it signed with the CRA on August 24, 2007. In particular, our audit found that the Organization did not demonstrate direction and control over its resources, and it was unable to demonstrate its resources were devoted to its own charitable activities, or by way of gifts to qualified donees.

The representations state that the Organization's inadequate book/record keeping is what made it seem like its resources were not being channeled to charitable activities, and that with the implementation of better bookkeeping, this concern will be fixed. The representations further indicate that in the past, the Organization has supported "organizations in Africa that have presented themselves as ascribing to its aims and objectives," and that it was "scattering (its) meagre resources in many directions." The representations indicate the Organization will concentrate on one of two programs in the

future, however, it does not address how it will specifically restructure its future endeavours so as to comply with the requirements of the Act.

Again, the representations offer promises of change, but do not provide definitive action. While we have provided the Organization several opportunities to provide additional information and documentation, the Organization has not produced any material substantiating it will devote its resources to its own charitable activities, or by way of gifts to qualified donees in accordance with the Act.

It therefore remains our position that the Organization has failed to meet the requirements of subsection 149.1(1) of the Act, that it devote substantially all its resources to charitable activities carried on by the Organization itself, and its charitable registration should be revoked in accordance with paragraph 168(1)(b) of the Act.

3. Lack of direction and control over resources inside and outside of Canada

As indicated in our letter dated March 17, 2016, when a registered charity merely transfers its resources to another entity without maintaining direction and control over the use of its resources, the result is the same as making a gift to a non-qualified donee, which is not a charitable activity. Our audit found that where its foreign activities were purportedly carried out through intermediaries, the Organization did not engage in written agreements with its intermediaries, nor did it keep any books and records concerning their use of its resources, despite previously agreeing to take related corrective measures further to the Compliance Agreement it signed with the CRA on August 24, 2007.

Your representations state that the Organization is taking measures to ensure that the entities it deals with in Africa are registered and accredited entities; to enter into contractual agreements with "community based local organization;" to "record and document their activities that are being funded;" it is "setting up a monitoring mechanism to ensure an effective and efficient operation;" and it will concentrate on one or two projects.

On November 17, 2016, you delivered a draft memorandum of understanding to us. However, the memorandum did not show that the Organization would maintain direction and control of the funds it proposes to send to the [REDACTED], and does not include the signatures or acknowledgement of any officials on behalf of the [REDACTED] including use of non-monetary resources provided by the Organization. While you stated you would follow up with a formal agency agreement sometime in the early part of 2017, it was not provided.

While we have provided the Organization several opportunities to provide additional information and documentation, the Organization has not provided any materials to alleviate our concerns over the direction and control of its foreign activities.

It therefore remains our position that the Organization does not exercise the required degree of direction and control over the use of its funds, and/or over the activities to be conducted with those funds, to establish that it is carrying out its own charitable activities in accordance with the provisions of the Act. Accordingly, the Organization has failed to meet the requirements of subsection 149.1(1) of the Act, that it devote substantially all its resources to charitable activities carried on by the Organization itself, and its charitable registration should be revoked in accordance with paragraph 168(1)(b) of the Act.

4. Issuing receipts not in accordance with the Act

As stated in our letter dated March 17, 2016, the official donations receipts issued by the Organization did not comply with the requirements of Regulation 3501 of the Act, including by omitting required information from receipts, failing to maintain source documentation establishing the fair market value of the amount reflected on receipts issued for gifts-in-kind, failing to track dates of donations and donor information, and failing to maintain documentation verifying receipted amounts represented true gifts, including examples where such amounts could not be traced through the bank and general ledger.

Your representations state that the bookkeeper will now be in charge of issuing all receipts, be made aware of all monetary donations, do the bank deposits where possible, and be the second signatory to the cheques issued. All gifts-in-kind will be properly valued before receipts are issued. However, the Organization has provided no documentation substantiating that it has implemented any related changes to date. We also note that all of the proposed changes relate to the bookkeeper that has not yet started with the Organization. Accordingly, the representations provided do not alleviate our concerns about the issuance of official donation receipts.

We therefore maintain that the Organization has failed to comply with paragraph 230(2)(b) of the Act and subsection 3501(1) of the Regulations, and its charitable registration should be revoked in accordance with paragraph 168(1)(d) of the Act.

5. Failure to prepare proper documentation for payments to an employee/director

As stated in our letter dated March 17, 2016, where salaries or wages are paid, the Act requires annual T4 Statements of Remuneration Paid and T4 Summaries be prepared by the employer. Further, where payments are made for fees, commissions or other amounts for services to a person who is not an employee, a T4A slip and a T4A Summary must be prepared. Our audit found that the Organization did not provide any source documentation for the audit, including whether T4As should have been issued for casual labour. Our audit review found an amount identified by the Organization to pay its summer student, including amounts to be withheld for CPP, EI and income tax, however, the Organization did not pay the source deductions nor did it have an active payroll account during the audit period.

Your representations did not address these concerns; however, they addressed a related concern that had not been identified in the letter. In this regard, the representations claim that whatever money the executive director took from the Organization could be considered as repayment for his personal financing of the Organization, and it was not understood that this would be regarded as payment or salary. No additional documentation was provided surrounding this arrangement.

Therefore, it remains our position that the Organization has failed to comply with subsection 200(1) of the Regulations and its charitable registration should be revoked in accordance with subsection 149.1(2) and paragraph 168(1)(b) of the Act.

Conclusion

A previous audit was conducted by the Canada Revenue Agency (CRA) for the fiscal period of January 1, 2003 to December 31, 2004. This audit revealed that the Foundation failed to maintain adequate books and records, failed to retain direction and control over activities outside of Canada, and provided personal benefits to the directors.

The current audit by the CRA has revealed that the Organization has continued to fail to comply with the requirements set out in Act. In particular, it was found that the Organization failed to maintain adequate books and records, failed to devote its resources to charitable activities, failed to retain direction and control over its activities inside and outside Canada, issued receipts not in accordance with the Act, and failed to prepare proper documentation for payments to an employee/director. 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.

Consequently, for each of the reasons mentioned in our letter dated March 17, 2016, we wish to advise you that, pursuant to subsection 168(1) and 149.1(2) of the Act, we 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), and 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	Name
860653930RR0001	Africa We Care Edmonton AB

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 90 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 objection to this notice of intention to revoke within this timeframe.

A copy of the relevant provisions of the Act concerning revocation of registration, including appeals from a notice of intent to revoke registration can be found in Appendix "A", attached.

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 T2046, *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. The relevant provisions of the Act concerning the tax applicable to revoked charities can also be found in Appendix "A". Form T2046 and the related Guide RC4424, *Completing the Tax Return Where Registration of a Charity is Revoked*, are available on our Web site at cra.gc.ca/charities;
- c) the Organization will no longer qualify as a charity for purposes of subsection 123(1) of the *Excise Tax Act*. As a result, the Organization may be subject to obligations and entitlements under the *Excise Tax Act* that

apply to organizations other than charities. If you have any questions about your Goods and Services Tax/Harmonized Sales Tax (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, we wish to advise that subsection 150(1) of the *Income Tax 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,



Tony Manconi
Director General
Charities Directorate

Attachments:

- Compliance Agreement, signed August 24, 2007, and cover letter dated June 15, 2007
- CRA letter dated March 17, 2016
- Response submitted on July 25, 2016, and November 17, 2016
- Appendix "A", Relevant provisions of the Act

*Place de Ville, Tower A
320 Queen Street, 5th Floor
Ottawa ON K1A 0L5*



"Africa We Care"

Dedicated to the alleviation of suffering in Africa.

As a part of book/record keeping, Africa We Care is undertaking to assiduously preserve all information that are relevant and central in relation to its activities, which will include my agendas and itineraries of travel (in Canada and outside Canada), as I am the one directly involved in the administration of the organization's projects, programs, correspondences, minutes of meetings.

Devotion of Resources to Charitable Activities

I would grant that our inadequate book/record keeping is what has made it seem like our meagre resources are not being channeled to charitable activities. I am sure that with proper and adequate book and record keeping now being implemented will effectively take care of this anomaly, and "provide the necessary detail(s)" as to "the outlay, the description of the service(s) or product(s) acquired", as well as "verify the expenses as being incurred for charitable purposes".

Control of Activities Outside Canada and Gifts to Non-Qualified Donees

In as much as Africa We Care in the past has tended to support organizations in Africa that have presented themselves as ascribing to its aims and objectives,

- 1.) We are taking measures now to make sure that those charitable organizations are registered and accredited entities, first and foremost.
- 2.) Africa We Care is also taking measures to enter into a contractual agreement with those community based local organization ; record and document their activities that are being funded by us, and obtain relevant receipts; and make sure that the funds go to where they are intended to.
- 3.) We are in the process of setting up a monitoring mechanism to ensure an effective and efficient operation.
- 4.) Selfsame due diligence will also apply to individuals, families, or groups in Canada who have donated funds for some specific humanitarian projects undertakings.

Lack of Direction

Yes, this issue used to be a big problem. And because of the monumental and intractable state of suffering in Africa, we have tended to be all things to all people – thereby scattering our meagre resources in many directions. We have realised that we cannot solve the many problems that beset Africa. It is better to concentrate on one or two projects or programs and do it well.



"Africa We Care"

Dedicated to the alleviation of suffering in Africa

Corrective Actions

Africa We Care has undertaken to implement the corrective measures to enable it "to maintain adequate books and records"; show that resources are devoted to charitable activities, and ensure that these activities are being carried out; and thereby become compliant.

Books and Records

In May 2016 Africa We Care retained the services of a books and records keeper, [REDACTED], a Consultant at a major Canadian financial institution. She is now a committed and dedicated volunteer at Africa We Care.

Together, we have gone over the audit report. It has been abundantly inculcated into me, the paramount importance of adequate and efficient record keeping – as it were, the rocket fuel of every enterprise and governance, be it non-profit, for-profit, or governmental organization.

At Africa We Care, our hearts may be in the right place trying to tackle and alleviate the myriads of suffering in Africa, I have come to the realization that the lack of adequate record keeping is at the fore front of the challenges we have faced in generating funds for our projects and programs in Africa; which otherwise and in themselves are deemed noble and worthy causes.

In the past the charity had engaged the services of a chartered accountant that we could ill-afford, given their exorbitant fees; and yet ended up being poorly served and mostly misled.

The book / record keeper now has the responsibility of:

- 1.) Establishing (and has established) an internal ledger, which hitherto we did not have;
- 2.) Keeping the ledger up to date on weekly basis with receipts, not only of the most recent transaction, but also,
 - a.) Combing through our documents to identify past documents, transactional receipts that were omitted, forgotten, or neglected. As a matter of fact, paperwork will no longer be allowed to pile up and procrastinated upon.
 - b.) I have now set aside one day a week – Sundays – to gather all my documents and receipt of the week to submit to the book / record keeper.



"Africa We Care"

Dedicated to the alleviation of suffering in Africa

Right now in the past two years, Africa We Care has embarked on addressing this intractable healthcare issue in Africa – Nigeria, to be precise – the deplorable conditions of which is at the root causes of the rampant and reoccurrence of all the epidemics and pandemics. To this effect, Africa We Care is dedicated to adequately equip, revamp, and renovate [REDACTED] with medical equipment, furnishings, and medicines it has received and continues to receive in donations.

Since it continues to receive many books and supplies in donations as well, Africa We Care intends to continue with its Books for Africa program.

Used articles of clothing has always been intended as partly revenue generating for Africa We Care, and partly to be used in a quasi-micro economic activity to enhance or start African women in business. In spite of the fact that we have not generated any revenue from our supposed sales of used articles of clothing, Africa being what it is; Africa We Care has helped a lot of Africans. Nevertheless, we have got plans in place to make the revenue generating aspect of this program successful.

Issuing Receipts

From now on, the book/records keeper shall:

- 1.) Be in charge of issuing all receipts;
- 2.) Be made aware of the monetary donations, and where possible do the bank deposits;
- 3.) Be the second signatory to the cheques issued.

All donations in-kind if deemed appropriate for our use and purposes, shall be properly valued and evaluated for their worth and value before receipts are issued.

We shall undertake to take proper and adequate inventory of the non-receiptable items we receive in donations, for example, used articles of clothing, etc.

Failure to Prepare Proper Documentation for Payments to Employee/Director

It is a fact that I have re-mortgaged my house three or four times in the past ten or fourteen years to finance Africa We Care, because the cause is what I firmly and unshakably believe. I was erroneously led to believe that whatever money I took from Africa We Care, whenever it was possible, and I needed it, was to be construed as repayment to me. I was not made to understand that it would be regarded as payment or salary to me.



"Africa We Care"

Dedicated to the alleviation of suffering in Africa

Now I know better. And I am taking the necessary steps that will lead to calling a spade a spade.

Chukwuemeka Obiajunwa
Executive Director

A Draft MEMORANDUM OF UNDERSTANDING (which will be developed into an Agency Agreement or a Joint Venture Agreement)

Between: AFRICA WE CARE a Canadian Charitable Organization located in Edmonton, Alberta, Canada; (Hereafter referred to as "AWC");

And:

[REDACTED]
[REDACTED]
(Hereafter referred to as [REDACTED])

CONFIDENTIAL

Whereas AWC, in the person of its Executive Director, Chukwuemeka Obiajunwa, has had several discussions with [REDACTED]

Whereas I, Chukwuemeka Obiajunwa have come to know [REDACTED]
[REDACTED]

Whereas I, Chukwuemeka Obiajunwa, being of African origin, and fully aware of the fact that the very deplorable healthcare and sanitary conditions are the root causes of the rampant and frequent occurrences / outbreaks of pandemics and epidemics like Ebola, polio, typhoid, and malaria that continues to ravage the continent of Africa, vis-à-vis, Nigeria, in this day and age.

Whereas Africa We Care dedicated to the alleviation of suffering in Africa, has embarked on addressing this intractable healthcare issue;

Whereas AWC has identified [REDACTED], where a team of dedicated [REDACTED] [REDACTED] if only they had the right medical equipment, instruments, and supplies to aid them.

Now therefore, in consideration of the mutual covenants and compassion to save lives that are apparent in, and to both parties hereto, AWC [REDACTED], have virtually agreed to the following:

I

Responsibilities of AWC:

- 1.) A commitment to the endeavour to renovate, revamp, and re-equip the [REDACTED]
 - A.) It will solicit in donations from hospitals, medical clinics, and centers here in Canada medical equipment, instruments, and furnishings that would otherwise go to the landfills after upgrades;
 - B.) It will solicit in donations from doctors, pharmacies, and communities for over-the-counter medicines and drugs. Some of these perhaps might be nearing expiration, but still would have life-saving potencies in them;
- 2.) Routinely, AWC gets inquiries from newly qualified and retiring nurses and doctors about the possibility of going to volunteer their professional expertise under the auspices of Africa We Care. [REDACTED] would provide such a wonderful opportunity for Canadians, and be of immense benefit to Africans – doctors, nurses and patients;
- 3.) Routinely, AWC will hold various forms of fundraising events here in Canada, and by social media and crowdfunding to reach many parts of the world, to raise funds expressly for the smooth running and operation of the [REDACTED]

Responsibilities of [REDACTED]

- 1.) A commitment to diligent and dedicated medical practices that adheres to the Hippocratic Oath – which in the main lacks in most Nigerian doctors;
 - a.) It will attend to all patients who show up at their door: rich or poor;
 - b.) The poor, children, school children will be treated free of charge; but
 - c.) The well-to-do will be charges in accordance to their means and ability to pay.

Controls:

- 1.) Properly equipped by AWC, [REDACTED] will be able to deliver a world class healthcare to all the people – hitherto lacking in Nigeria. Hence the well-to-do go to Europe even for routine medical check-up;
- 2.) It is said that he who pays the piper dictates the tune. In this case, AWC will be the party that pays the piper, and understood as to have full control. And the doctors, [REDACTED] have acceded to AWC having full control of [REDACTED]
- 3.) AWC has already initiated the process of registering a branch of Africa We Care in Nigeria.
- 4.) A management board that will include the two doctors, of course, will manage the affairs of the clinic.

CONFIDENTIAL
10-3

*Opportunity Rather Than Charity.
They can do it... You can help.*



Africa We Care

Dedicated to the alleviation of suffering in Africa



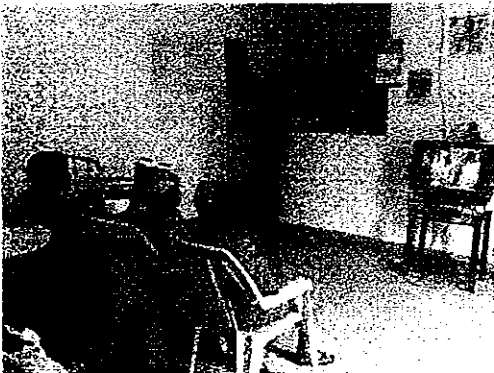
My dear friends:

Please Support Africa We Care Raise Funds to Ship Medical Equipment & Supplies to Africa

My name is Chukwuemeka Obiajunwa. I am the Executive Director of Africa We Care. I am reaching out to you to ask for your financial support to enable us ship some medical equipment and supplies to Nigeria.

You see, in Africa today, very deplorable health and sanitary conditions are the root causes of the rampant and frequent occurrences of pandemics and epidemics like Ebola, polio, typhoid, and malaria that continue to ravage the continent in this day and age.

It is one of the tragedies of our time that in almost all of the African countries, healthcare facilities are destitute and indigent, at best. At worst and in many of the countries, the most rudimentary of healthcare facilities is completely lacking. Routinely and needlessly, men, women, and children die of the most easily preventable and curable of illnesses and diseases like fever, headache, and diarrhea.

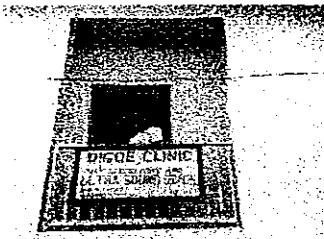


*Opportunity Rather Than Charity.
They can do it... You can help.*

In Africa today, one in 4 children still die before their first birthday; one in 5 women still die in child-birth. The average life span of Africans is still miserably at 47 years. The ugly statistics go on and on.

It is mind-boggling and stomach-churning to hear these numbers on the evening news, to watch the effects of the preventable illnesses on the television, or to read about the increasing death tolls.

Africa We Care, dedicated to the alleviation of suffering in Africa, has embarked on addressing this intractable healthcare issue.



Recently, Africa We Care identified



To this effect, Africa We Care made a commitment to renovate, revamp, and re-equip the clinic.

10-4

*...Opportunity Kachher Gnan Army
They can do it. You can help.*



Africa We Care

Dedicated to the alleviation of suffering in Africa



(The hospital and medical equipment are being loaded onto sea can containers for shipment to Africa.)



Here in Canada, Africa We Care has received a lot of medical equipment, furnishings, and medicines in donations, mostly from [REDACTED], to fill several sea can containers. These containers, filled with life-saving supplies, are ready to be shipped.

I am appealing to you, my friends, for some financial assistance to enable Africa We Care defray the estimated \$30,000 in the shipping costs of these medical equipment and supplies [REDACTED]

We need your support. No amount is too small, but will go a long way in alleviating suffering in Africa.

You can conveniently and securely donate online through our PayPal account. Go to: www.africawecare.org. Click on DONATE NOW.

Or, you can donate by cheque to Africa We Care (medical), and mail to:
Africa We Care
17806 – 107th Avenue
Edmonton, Alberta T5S 1J1.

No amount is too small, and will be receipted for Income Tax purposes.
Your support will go a long way in helping to alleviate suffering in Africa.

*I thank the [REDACTED] who
donated most of the hospital and medical
equipment to Africa We Care.*



Thank you very kindly.

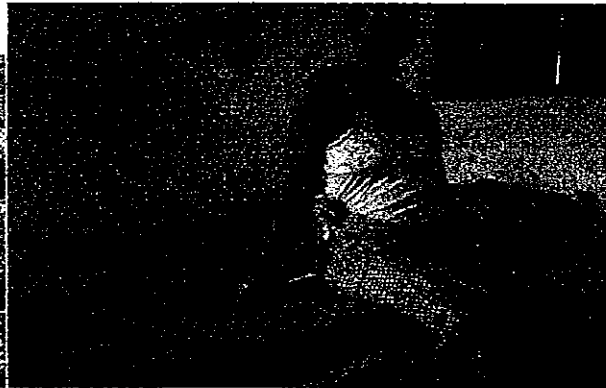
Chukwuemeka Obiajunwa
Executive Director
Telephone: 780-486-5552
Email: cobiajunwa@africawecare.org.

Please Support Africa We Care Raise Fund to Ship Medical Equipment and Supplies to Africa

Having babies is most natural and God-mandated. Yet for most women in Africa it is most hazardous. And very often they lose their lives in the process.



These pregnant women are in labour. We have got the equipment, instruments and supplies that would ease their pain, and make it possible for them to deliver their babies safely. Don't allow them to be part of the ugly statistics - one in 5 women die in childbirth. I am appealing to you, my friends, to help make this mission to save lives in Africa a reality. Please make it possible for Africa We Care, **"To Ship Medical Equipment and Supplies to Africa"**.



Help ease their labour pain! Make it possible so that other African women like them to deliver their babies safely, and not lose their lives in the process. I am appealing to you, my friends, to help Africa We Care raise the \$30,000 it will cost **"To Ship Medical Equipment and Supplies to Africa"**.



Please help save the lives of mothers and children. Make your tax deductible donation today: **"To Ship Medical Equipment and Supplies to Africa"**.

Africa We Care
17806 - 107th Avenue
Edmonton, Alberta T5S 1J1

Please Support Africa We Care Raise Fund to Ship Medical Equipment and Supplies to Africa

Very deplorable healthcare facilities and sanitary conditions are the main reasons why pandemics and epidemics like Ebola, polio, typhoid, and malaria spread like wildfire in Africa.



These patients are lying on the hospital ward floor. We have got the beds to lift these patients off the floor. But we need to get them there. I am appealing to you, my friends, to help make this mission to save lives in Africa a reality. Please make it possible for Africa We Care, "To Ship Medical Equipment and Supplies to Africa".



You can help ease this ugly sight in at the Clinic. I am appealing to you, my friends, to help Africa We Care raise the \$30,000 it will cost "To Ship Medical Equipment and Supplies to Africa".



Believe it or not, this is hospital ward. You can help ease this overcrowding.

Make your tax deductible donation today:
"To Ship Medical Equipment and Supplies to Africa".

Africa We Care
17806 - 107th Avenue
Edmonton, Alberta T5S 1J1



"Compliance Agreement"

Between:

Your file / Votre référence

Our file / Notre référence

*AFRICA WE CARE
17806-107 AVE.
EDMONTON, AB T5S 1J1
BN# 86065 3930RR0001
(hereinafter called the "Charity")*

And

CANADA REVENUE AGENCY (hereinafter called the "CRA")

During an audit of the Charity's books and records of account, the following areas of non-compliance with the provisions of the *Income Tax Act* (hereinafter, the *Act*) were identified.

Issues

Foreign Activities

The audit indicates that the charitable activities operating outside of Canada did not comply with the requirements of the *Act*. Specifically, the Charity's lack of control and direction over its activities in Africa has led to its failure to collect the revenues realized from the sales of donated clothing overseas. In addition, the Charity is paying for the direct costs of the water purification and bottling plant in Nigeria, which would not be considered a charitable activity since it is not the Charity's own activity nor are the payments made to a qualified donee.

Where a charity transfers funds to an individual (such as a missionary or field agent) it will meet the *Act's* requirements if the relationship between the charity and the individual is that of an employer/employee. Where this relationship does not exist, the charity must be able to substantiate, by documentary evidence, that it has arranged for the conduct of activities on its behalf and not simply made a gift to the individual.

The requirement in the *Act* is not met where a charitable organization transfers funds to individuals without a formally established arrangement (contract) under which those individuals are legally obliged to carry out certain specified activities on the charity's behalf. In other words, if the charitable organization does not actually direct the actions of the individuals to whom it is transferring funds, and has little, if any, control over or

accountability for the application of those funds, then it is not possible to view the activities performed by the individuals to be the charity's activities.

The CRA recognizes that a charity may wish to fund the programs and activities of an individual who is involved in work which the charity wishes to see accomplished because it is in line with the charity's own charitable objectives. However, it is not possible given the requirements of the *Act*, for a charity to transfer funds it receives and receipts merely on the basis that the individual receiving its monies will devote those resources to efforts that are bona fide and in line with the charity's own objectives.

These same restrictions apply when the recipient of the charity's funds is another organization (for example, a foreign charity, a foreign government, or an international aid agency) unless such a recipient organization is a "qualified donee". Under the *Act*, qualified donees are organizations that can issue official donation receipts for gifts that individuals and corporations make to them, and are specifically as follows:

- Registered charities;
- Registered Canadian amateur athletic associations;
- Registered national arts service organizations;
- Housing corporations resident in Canada constituted exclusively to provide low-cost housing for the aged;
- The United Nations and its agencies;
- Universities outside Canada listed in Schedule VIII of the *Income Tax Regulations*;
- Charitable organizations outside Canada to which Her Majesty in right of Canada (the federal government or its agents) has made a gift during the charity's fiscal period or in the 12 months immediately preceding the period;
- Municipalities in Canada; and
- Her Majesty in right of Canada or in right of a province (that is, the federal government, a provincial government, or their agents).

Accordingly, a charitable organization is not at liberty to transfer funds for the benefit of the work of a missionary or another organization (mission) unless the recipient is an employee of the charity, an agent of the charity under contract, or a qualified donee.

The law requires a charity to devote its resources to its own activities. Where a charity transfers funds or resources to contractors, agents or partners, the CRA is prepared to view the transfer as a devotion of the charity's resources to its own charitable activities, where:

- The charity retains reasonable assurance before funding/entering into the arrangement with the agent, partner or contractor that the agent, partner or contractor will be able to deliver the services required by the charity (by virtue of the other party's reputation, expertise, etc.);
 - All expenditures are intended to further the Canadian charity's purposes;
-

- An adequate written agreement is in place (see requirements below) that is available for public release;
- The charity regularly monitors the progress of the project through adequate reports and records of expenditures received from the other party and makes periodic payments on the basis of this monitoring, maintaining the right to discontinue payments should the charity not be satisfied, and
- The charity provides satisfactory evidence that it has properly monitored the contract.

Where a charity's arrangements do not satisfy those guidelines, the charity must otherwise satisfy the CRA that it retains the degree of control required by law over the ultimate use of the resources passed to another party. An organization that cannot clearly demonstrate the necessary degree of control may be subject to loss of its charitable status.

Books and Records

Mr. Obiajunwa is the sole person who deposits any cash or cheques and is the only individual who withdraws cash and signs the cheques. The liability account is largely due to payments made by Mr. Obiajunwa and is offset by withdrawals.

Section 230(2) of the *Act* requires every registered charity to maintain adequate books and records at a Canadian address recorded with the Minister. The purpose of this requirement is to enable the charity to accurately provide CRA with information required by the *Act* as well as enable CRA to verify the accuracy of reported information through conducting audits. Also, a charitable organization must devote all of its resources to charitable activities carried on by itself under 149.1(a) of the *Act*, which must be substantiated by the charity's books and records. A charity is not meeting its requirement to maintain adequate books and records if it fails to exercise due care with respect to ensuring the accuracy thereof.

Our audit indicated that the Charity's books and records and internal controls were inadequate. As a result, the auditor was unable to confirm revenue and expenses as recorded, the accounting of receipts, and the charitable nature of expenditures as reported on the Information Return. Substantial gaps in the information contained in the Charity's books and records were as follows:

1. The Charity was unable to provide original source documentation to support accounts payable transactions listed in our query (i.e. the executive director's personal [REDACTED] statements, payable transactions to third parties and cash loans from third parties);

2. The Organization does not maintain adequate documentation to support its travel expenses, such as original invoices to show the names of persons who travelled, the dates of travel and the destinations. If the purpose of travel was for a meeting or conference, the Organization should also be able to substantiate the purpose through its meeting minutes, agendas speaking notes and/or itineraries.
3. The Charity appears to deal periodically with cash transactions, without obtaining proper documentation to verify the source of funds (for cash 'loaned' or given from an individual or entity) or the purpose of payment (for cash used to pay an individual or entity for a good or service). As a result, the Organization does not appear to be controlling the use of its resources toward charitable purposes. A Charity must maintain complete documentation to confirm the nature of its expenses and source of revenues.

A charity is not meeting its requirement to maintain adequate books and records if it fails to exercise due care with respect to ensuring the accuracy thereof.

Personal Benefits

Under the definition of a charitable organization per subsection 149.1(1) of the *Act*, no part of a charity's income is payable to, or is otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settler thereof. The CRA considers that meaning of the term "trustee" to include persons having general control and management of the administration of a charity, including directors and corporations established for charitable purposes.

During our audit, we discovered two situations where the Charity did not adequately safeguard its assets, thereby lending itself to providing personal benefits to its directors.

1. The Charity paid for some of Mr. Obiajunwa's personal expenditures ([REDACTED] bills, travel to [REDACTED] telephone charges, etc.).
2. The Charity's lack of control over its clothing sales in Africa resulted in the misappropriation of funds collected by one of its' now-former directors, Mr. Jean-Paul Nkunzi.

The absence of sufficient supporting documentation restricts the Charity from proving to the CRA that any payments were for reimbursements of expenses incurred on behalf of the Charity and that any of its Board members did not receive any personal benefits.

It is the Charity's responsibility to safeguard its assets and properties and to ensure that its resources are being used for charitable purposes only.

Corrective Actions

Given that the Charity wishes to remain voluntarily compliant and that the CRA wishes to resolve the issues between itself and the Charity, both parties have come to an agreement for the issues noted above.

The Charity undertakes to implement the following corrective actions by the following dates:

Foreign Activities	December 31, 2007
Books and Records	August 31, 2007
Personal Benefits	August 31, 2007

Foreign Activities

In order for the Charity to demonstrate that it retains the degree of control required by law over the ultimate use of the resources passed to another party, the Charity must draft written agreements with each third party and should include **at least** the following information:

- Names and addresses of all parties;
- The duration of the agreement or deadline for the project to be completed;
- A description of the specific activities for which funds have been transferred, in sufficient detail to enable the recipient to determine the extent of his authority;
- Provision of written progress reports (or other written documentation from the funding recipient or through an on-site visit, minutes of meetings, etc.) as to how that funds have been spent/dispensed and/or provision for the Canadian charity to inspect the project on a reasonable basis;
- Provision for periodic payments on evidence of reasonable progress (Board meetings, letters, reports, visits, etc.) that demonstrates that the funds are being applied for the specific activities outlined in the agreement;
- Provision for the Canadian charity's discretion in withdrawing funds and controlling the use of its funds at the Canadian charity's discretion;
- Provision for the maintenance of adequate records at the charity's address in Canada;
- For agency agreements, provision for the charity's funds to be segregated from those of the agent and for the agent to keep separate books and records, and
- The signatures of both parties/dates.

It is the CRA's view that this type of reporting mechanism is necessary for the Charity to clearly demonstrate that it maintains an adequate level of control and accountability over the use of its funds.

Books and Records

The Charity must keep information that can be used to determine whether its activities continue to be charitable. This information will vary from charity to charity, but could include, for example, agendas or itineraries of those individuals involved in the direct administration of the charities programs, correspondence, minutes of meetings, etc. The onus is on the charity to demonstrate that it maintains an adequate level of control and accountability over the use of its funds.

Personal Benefits

In addition to ensuring that the Charity safeguards' its assets and properties for charitable use only, the Charity must include into income, the total of all remuneration and personal benefits conferred on any employee in the year, and report the total amount on the proper Statement of Remuneration.

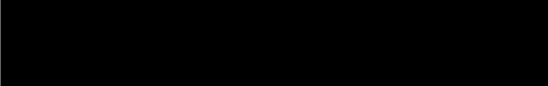
Conclusion

By signing below, the parties certify that they have read and agree to the terms of this agreement.

For the Charity:

Chukwuemeka Obiajumuwa

Name & title Executive Director



Signature

August 24th 2007

Date

For the CRA:

SHANE MENEN, AUDITOR

Name & title



Signature

August 24, 2007

Date



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

June 15, 2007

AFRICA WE CARE
17806-107 AVE.
EDMONTON AB T5S 1J1

Your file / Votre référence

3019611

Attention: CHUKWUEMEKA OBIAJUNWA

Re: BN 86065 3930RR0001
Audit of Books and Records for the Period 2003-01-01 to 2004-12-31

Dear Sir:

We are writing further to an audit of the books and records of the account of Africa We Care (the "Charity") conducted by a representative of the Canada Revenue Agency (CRA). The audit focused primarily on the Charity's fiscal periods ending 2003 and 2004. Upon completion of the audit, specific areas of non-compliance with, and contraventions of, the *Income Tax Act* (the "Act") were identified. These issues, together with negotiated corrective actions, are described in the attached Compliance Agreement.

Please sign and date the enclosed agreement and return it to our office within thirty (30) days from the date of this letter, and forward it to the undersigned at the address below.

It is important to note that the *Act* contains provisions for penalties and/or suspension of qualified donee status under section 188.1 and/or 188.2 that may have been relevant for some or all of the issues contained in the agreement. However, the CRA has chosen to allow the Charity time to rectify the issues. If, on future review, the Charity is found not to have implemented the agreed upon corrective action, the result could be application of penalties and/or suspension as noted in the *Act*.

The following issues of non-compliance were also identified during the audit but are not included in the Compliance Agreement:

T3010A Information Return

Late filing

The 2005 Information Return (form T3010A) was not filed within six months of the Charity's fiscal year end. The deadline to file the 2006 T3010A is also approaching and, according to our system, has not been received. Pursuant to subsection 149.1(14) of the Act:

Canada



“every registered charity shall, within six months from the end each taxation year of the charity, file with the Minister both an information return and a public information return for the year, each in prescribed form and containing prescribed information, without notice or demand”.

Failure to file, as set out, may result in revocation of registration.

Incomplete/Incorrect Information

Every registered charity is required by subsection 149.1(14) of the Act to file a *Registered Charity Information Return* with applicable schedules for each taxation year of the charity.

During the audit, it came to our attention that amounts were incorrectly reported on the Charity's 2004 return as follows:

- Line 4500, total tax-receipted gifts, was understated by \$20,041 (reported \$1,200 but should be \$21,241);
- Line 4890, donated and purchased supplies and assets, should be zero;
- Line 4900, amortization of capitalized assets should be \$2,193;
- Line 4920, other expenditures, should be \$51,432;
- Line 4910. Research grants and scholarships, should be zero;
- Line 4880, salaries, wages, benefits and honoraria, should be \$7,832;
- Line 5010, total management and administration expenditures, should be \$28,246 to reduce the amount by fundraising costs included of \$2,220 that was reported on line 5020.

As a result of the aforementioned errors the disbursement quota was not properly calculated.

To remedy the situation, it is recommended that the Charity submit the form T1240, *Registered Charity Adjustment Request*, with the amendments to all of the lines erroneously reported above. The form is available on our web site www.cra-arc.gc.ca. The document T4033A entitled, “*Completing the Registered Charity Information Return*” can also be accessed for additional information.

A charity is not properly meeting its information return filing requirements when it fails to exercise due care with respect to insuring the accuracy thereof. It is the Charity's responsibility to ensure that the information provided on its' return are complete and accurate in order that CRA can review and determine the extent of its activities in accordance with the Act.



Official Donation Receipts

The audit indicates that the donation receipts issued by the Charity did not comply with the requirements of Regulation 3501 of the Act and Interpretation Bulletin, IT-110R3, entitled "Gifts and Official Donation Receipts" as follows:

- Official donation receipts issued for non-cash gifts did not contain the information as required for gift-in-kind such as the date of receipt of the property, a description of the property donated, the name and address of the appraiser and the appraised (fair market) value of the property. In addition, the Charity should not issue donation receipts without securing proper valuation documents explicitly stating the value of the property. In the absence of an invoice or independent appraisal, the Charity should demonstrate that it has exercised diligence in ensuring the fair market value of the gift (e.g. researching values of same or similar properties from at least three different, independent sources).
- Official donation receipts were issued for services rendered. The donation of services (such as time and effort) is not a transfer of property and consequently do not fall within the definition of a "gift". Therefore, official receipts cannot be issued for their donation. However, it should be noted that it would be acceptable to issue a donation receipt to a person who has been paid for services rendered who in turn makes a donation back to the Charity, provided the donation is made voluntarily. The donor must, in such an arrangement, account for the taxable income that would be realized either as remuneration (in which case the Charity may be obligated to issue an information slip) or as business income.
- Official donation receipts were issued for purchases of goods. The purchase of goods from a charity may not be acknowledged by issue of an official receipt for all or any part of a payment for such a purchase. This rule applies even when the buyer pays an amount in excess of fair market value to enhance the profit of the charity. However, the rule does not apply if the purchase can be viewed as a donation because the goods or services purchased have only nominal value in relationship to the amount paid.

Control Over Official Donation Receipts

The audit reveals that there is inadequate control over the official donation receipts. In particular, we found the duplication of receipt numbers. This is likely attributed to the absence of a receipt registrar or listing, the manner in which receipts are issued (i.e. using [REDACTED] versus receipt software or a manual receipt book), and the Charity's propensity to accept cash contributions without properly documenting the transaction (such as issuing a cash receipt to the donor, having a cheque only policy, or depositing the cash directly into the bank to confirm its' existence)



Charities are responsible for controlling the use of its receipts to guard against any unauthorized use of official donation receipts. Also, paragraph 230(2)(b) of the Act states 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. This enables the CRA to verify the accuracy of reported information. Therefore, the Charity is required to retain copies of all donation receipts.

Governing Documents

In the course of conducting audits of registered charities, we often look to the charity's governing documents as filed with CRA to ensure that its' stated objects are consistent with the activities observed during the audit. As per the Charity's Memorandum of Association, its' objective is to help alleviate the sufferings and hardship of the poor and children of Africa by promoting education and health for the poor and children of Africa. This was to have been accomplished by providing books and stationary, meals, furnishing classrooms, providing drugs and medicines, vitamins, food supplements, access to hospitals etc.).

During our audit we found that the Charity was primarily involved in the following activities:

1. Collecting donated clothing, which were sorted and baled in Canada, for shipment to Africa for re-sale; and
2. Assisting in the construction of a water purification and bottling plant.

These activities do not appear in line with the objects in which the Charity obtained its registered status. However, they may be considered charitable under the fourth head of charity that cover various purposes beneficial to the community. Based on your explanation of the Charity's activities of selling used goods and building a water treatment plant, the concept of these activities is actually to create microeconomic communities in Africa to empower the local communities and promote entrepreneurial spirit.

Please be advised that a charity that wants to undertake programs and activities that are different from those previously described to us should make sure that they are within the scope of the charity's stated purposes. If the programs or activities differ from those we reviewed, they may not be charitable. Where an organization introduces objects that do not qualify as charitable, it is placing its status as a registered charity in danger.

The Charity must consult with the CRA before formally amending its governing documents. If the purpose, character or method of operation is changed, copies of the revised governing documents must be provided to the Charities Division so that the CRA may consider the effect of these changes on the registered status of the organization.



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

Once the Corporate Registry has approved the documents, the Charity must submit a formal copy of the governing document.

Conclusion

Although these issues do not form part of the Compliance Agreement, we remind you that a registered charity must comply with all provisions of the Act, and these could be reviewed at a future date. We strongly suggest that the Charity take action to remedy these issues.

As I will be away for an extended period, your file has been reassigned to Shane Menen. Should you have any questions regarding this agreement or if you feel we have misinterpreted any of the agreed upon terms as set out in this document, please contact Mr. Menen at 495-8000.

Please indicate the Charity's business number on all correspondence.

Yours truly,

PH
Jennifer Sanchez, CMA
Verification and Enforcement Division

Telephone: (780) 495-6277
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Enclosure



Africa We Care
17806 – 107 Avenue
Edmonton AB T5S 1J1

BN: 860653930RR0001

Attention: Chukwuemeka Obiajunwa

File #:3019611

March 17, 2016

Subject: Audit of Africa We Care

Dear Mr. Obiajunwa:

Re: Charity Audit for the period January 1, 2010 to December 31, 2011

This letter is further to the audit of the books and records of the Africa We Care (the Organization) conducted by the Canada Revenue Agency (CRA). The audit related to the operations of the Organization for the period from January 1, 2010 to December 31, 2012.

AREAS OF NON-COMPLIANCE:		
	Issue	Reference
1.	Failure to maintain adequate books and records	149.1(2), 230(2), 168(1)(b), 168(1)(e)
2.	Failure to devote resources to charitable activities	149.1(2), 168(1)(b)
3.	Lack of direction and control over the use of the Charity's resources inside and outside of Canada / Failure to carry out its own charitable activities	149.1(1), 168(1)(b)
4.	Issuing receipts not in accordance with the Act	149.1(2), 168(1)(d), Regulations 3500, 3501(1), 3501(1.1)
5.	Failure to prepare proper documentation for payments to an employee/director	153(1)(g), 168(1)(c), Reg. 105 149.1(2), 168(1)(b)

The purpose of this letter is to describe the areas of non-compliance identified by the CRA during the course of this 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. A registered charity must comply with the law, failing which a charity's registered status may be revoked in the manner described in section 168 of the Act.

We refer also to the Compliance Agreement signed upon August 24, 2007. In this agreement, the Organization has agreed upon several corrective actions. This Compliance Agreement stemmed from a prior audit. A copy is attached.

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

Identified Areas of Non-Compliance

1. Failure to maintain adequate books and records

Legislation:

Pursuant to subsection 230(2) of the Act, 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 revocation of its registration under the 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 the Act.

In addition, subsection 230(4) also states "Every person required by this section to keep records and 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 a 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 end of the last taxation year to which the records and books of account relate."

The policy of the CRA relating to the maintenance of books and records, and books of account, is based on several judicial determinations, which have held that:

- it is the responsibility of the registered charity to prove that its charitable status should not be revoked¹ ;
- a registered charity must maintain, and make available to the CRA *at the time of an audit*, meaningful books and records, regardless of its size or resources. It is not sufficient to supply the required documentation and records subsequent thereto²; and
- the failure to maintain proper books, records and records of account in accordance with the requirements of the Act is itself sufficient reason to revoke an organization's charitable status³.

Audit findings:

According to the Compliance Agreement, the Organization stated it would have corrective actions in place for the issues related to the Books and Records by August 31, 2007. The Organization agreed to maintain and keep necessary documentation including but not limited to receipts for cash and other original source documents, agendas, itineraries, minutes of meetings, and correspondence. The Organization is also required to show that it maintains an adequate level of control and accountability over the use of its funds. To date, the Organization has failed to comply with any of the required measures.

The Organization did not keep source documentation for \$158,917 of the \$165,417 in total expenses claimed. The only invoices noted in the books and records were invoices for two freight charges in 2010 amounting to \$6,500.

In addition, our review found that the Organization does not have a board of directors that is active and responsible for establishing and maintaining an adequate internal control structure that minimizes the risks associated with potential misstatements in the financial reporting of the Organization, safeguards the Organization's assets, and prevents or detects material errors and fraud. The signing authority for disbursement cheques requires only one signature, that of the Executive Director, who is also responsible for disbursement decisions. Given the lack of board oversight and separation of duties within the Organization the internal controls were determined to be inadequate.

Furthermore, the Organization was unable to provide any loan agreements for loans made by board members to the Organization. An example of this was found in the lack of a loan agreement with [REDACTED], who was identified as the primary lender of a \$10,000 loan in 2011.

¹ *The Canadian Committee for the Tel Aviv Foundation vs. Her Majesty the Queen*, 2002 FCA 72 (FCA)

² *Supra*, footnote 3; *The Lord's Evangelical Church of Deliverance and Prayer of Toronto v. Canada*, (2004) FCA 397

³ *Collegue Rabbiniqque de Montreal Oir Hachaim D'Tash v. Canada (Minister of the Customs and Revenue Agency)*, (2004) FCA 101; Act subsection 168(1)

Conclusion:

It is our view that the Organization's books and records are not sufficient to support the Organization's actual activities or to demonstrate that the Organization is involved in charitable activities for all the reasons noted above. This is in spite of the agreed upon corrections stated in the Compliance Agreement dated August 24, 2007. Therefore, it is determined that the Organization has failed to maintain an adequate set of books and records as required under subsection 230(2) of the Act. Under paragraph 168(1)(e) of the Act, the Minister may, by registered mail, give notice to a charity to propose to revoke its registration because it fails to comply with or contravenes any of sections 230 to 231.5 of the Act. For this reason alone, there are grounds for revocation of the Organization's registered status.

2. Failure to Devote Resources to Charitable Activities

Legislation:

The Act permits that the resources of a Canadian registered charity may only be properly applied in the following two ways:

- The first way is by disbursements made on charitable activities undertaken by the charity itself, that is to say on its own charitable activities (those which are administered directly under the charity's control and supervision and for which it is able to render itself fully accountable for the funds expended).
- The second way in which a charity may properly apply its resources is by making disbursements to "qualified donees".

Audit findings:

We are unable to verify the expenses, charitable or otherwise, the Organization has purportedly incurred due to a lack of source documentation. Invoices, receipts and similar documentation generally provide the necessary detail to verify who made the outlay, the description of the service or product acquired, and enough additional detail to verify the expenses as being incurred for charitable purposes. Please note corrective actions for Books and Records was to be implemented by August 31, 2007 as per the signed Compliance Agreement. For this reason, it is our position that the amount being spent on charitable purposes, reported on line 5000 of the Registered Charity Information Return (the "T3010"), should be nil for both 2010 and 2011. The lack of source documentation relates to the findings of the failure to maintain proper books and records as discussed above.

Conclusion:

We have concluded that the Organization has failed to demonstrate that it meets the test for continued registration under subsection 149.1(1) of the Act as a charitable organization that is

operated exclusively for charitable purposes. During our audit, the Organization did not provide any documents demonstrating that it has taken all necessary measures to direct and control the use of its resources when carrying out activities either through an intermediary or on its own. In addition, the Organization could neither demonstrate to CRA that all of its resources were devoted to its own activities, or devoted by way of gifts to qualified donees, as is required by the Organization.

As the Organization has failed to provide the source documentation needed to substantiate the expenses incurred were in fact charitable, it is our position that the Organization has not devoted all of its resources to charitable activities. Under paragraph 168(1)(e) of the Act, the Minister may, by registered mail, give notice to a charity to propose to revoke its registration because it fails to comply with or contravenes the requirements of the Act for its registration. For this reason alone there are grounds for revocation of the Organization's registered status.

3. Control of Activities Outside Canada and Gifts to Non-Qualified Donees:

Legislation:

The Act permits a registered charity 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 Act. Qualified donees include Canadian registered charities, certain universities outside Canada, the United Nations and its agencies and a few foreign charities.
- It can carry on its own activities. In contrast to the relatively passive transfer of money or other resources involved in making 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 project that directly achieves a charitable purpose.

We refer to the comment of the Federal Court of Appeal in *The Canadian Committee for the Tel Aviv Foundation vs. Her Majesty the Queen*⁴:

“Pursuant to subsection 149.1(1) of the [Income Tax Act], a charity must devote all its resources to charitable activities carried on by the charity itself. While a Charity may carry on its charitable activities through an agent, the Charity must be prepared to satisfy the

⁴ The Canadian Committee for the Tel Aviv Foundation vs. Her Majesty the Queen, 2002 FCA 72 (FCA) at paragraphs 40 and 30 respectively

Minister that it is at all times both in control of the agent, and in a position to report on the agent's activities..."

As re-iterated by the Federal Court of Appeal in *Bayit Lepletot v. Minister of National Revenue*⁵, it is not enough for an organization to fund an agent that carries on certain activities. The Act requires that the agent actually conduct those activities on the charity's behalf. Where the agent has full authority to expend the principal's funds without any appropriate ongoing regulation/approval by the principal, there is no assurance that the agent is, at all times, acting on behalf of the principal. In such a case, it is not clear that the principal is exercising ongoing and substantive direction and control. Activities carried out in this manner are not in compliance with the requirements of the Act.

In order to give meaning and effect to the Act, a charity must continue to meet all of its obligations whether the activities are undertaken directly, through agency agreements or through any other arrangements. While we have never insisted on the absolute need for a written instrument, we recommend it as a means of meeting the requirements of the Act. Notwithstanding the manner by 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 Act with respect to the direction and control of its resources.

Since the Act requires a charity to show that it effectively directs and actually controls its own activities, the agency agreement that a charity puts in place and the manner that the charity implements that agreement must allow the charity to discharge its statutory obligations.

From time to time the Charities Directorate has suggested certain guidelines for agency agreements in order to help charities understand all the requirements of the Act. For a number of years, we discussed these guidelines with individual charities on a case-by-case basis. As we identified a growing need in the charities sector for more information on this subject, guidelines have been made available to the public and the sector as a whole through our Internet site.

By observing these guidelines and by keeping proper books and records, a charity should be able to discharge its evidentiary burden of establishing that its principal-agent relationship existed in fact, and that it maintained effective direction and actual control over its resources at all times. In the final analysis, the true test of whether a charity was responsible in a direct, effectual, and constant manner over its resources and activities is not shown by how well it has crafted an agreement but rather, how well it has implemented it through time. Therefore, it is incumbent upon the charity to show that it has properly implemented any agreement it claims is in place.

The existence of either a written or verbal agency agreement is only one example of evidence required to show that a sufficient principal-agent relationship truly exists. The charity through documented evidence, must demonstrate that actual events transpired which prove the continued existence of the principal-agent relationship. Thus, the charity must provide the CRA with a

⁵ Bayit Lepletot v. Minister of National Revenue, 2006 FCA 128

means of examining the internal decision making mechanisms within the charity's own structure through records, such as: minutes of board meetings; internal communications and memoranda; as well as, policies and procedures that show that the charity, by directing and controlling each of its activities, acted as the guiding-mind in the principal-agent relationship. In addition, the charity must provide source documentation, reports, and the various other instruments it received from its agent showing that throughout the life of the principal-agent relationship, the agent reported back to the principal in such a manner and frequency as to allow the principal to make informed decisions about the resources and projects for which the principal was responsible.

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

For purposes of the Act, when a registered charity merely transfers its resources to another entity (assuming the entity is a non-qualified donee), but fails to maintain effective direction and actual control over those resources, the result is the same as a gift to a non-qualified donee. Allowing a non-qualified donee to take near total control of the resources of a registered charity nullifies the purpose and intent of the Act.

For more detailed information on charitable activities outside Canada, please refer to Guidance CG-002, Canadian Registered Charities Carrying Out Activities Outside Canada. This is available online through the CRA's Web site at www.cra-arc.gc.ca/charities. This includes a set of guidelines that we use to help us assess how much effective direction and actual control a registered Canadian charity exercises in greater detail.

Where an agreement exists only in verbal form, or where some of the elements outlined in the aforementioned guidelines are not explicitly expounded in a written agreement, the CRA will look at all supporting documentation as well as the conduct of both parties to ascertain whether or not the registered Canadian charity maintained effective direction and actual control through its relationship with the other organization. The registered Canadian charity must not only show that an appropriate agreement existed (written or otherwise), it must also show that the agreement was implemented in a manner that clearly demonstrates that the registered Canadian charity exercised direct, effectual, and constant responsibility for undertaking the charitable activities to which its resources were applied. In effect, the registered Canadian charity must show that it acted as the principal through the implementation of the agreement.

During our audit, the Organization did not provide any books and records to support that it established direction and control of its activities outside of Canada, such as:

- list of criteria for selection of beneficiaries or recipients;
- list of beneficiaries or recipients;

- written agreement signed between the Organization and each organization outside of Canada or an agent (intermediary);
- all deposits statement from the organizations outside of Canada which have received the funds of the Organization;
- all financial statement of the organizations outside of Canada or the agent;
- report from the organizations outside of Canada on how the transferred funds have been used, or have been given to the selected beneficiaries or recipients;
- all documents supporting the Organization's control and direction of its resources carrying out of Canada.

Whether a registered charity carries out its foreign activities through persons under its immediate control, or through intermediaries, the following measures should be put in place:

- providing to persons under its immediate control, or through intermediaries, clear and detailed directions concerning the activity, and how it is to be carried out;
- receiving reports from those persons or organizations that describe their activities and the use of resources; and
- monitoring and supervising the activities on an ongoing basis.

However, the Organization did not demonstrate that these measures were put in place. Please note corrective action for foreign activities (Activities outside of Canada) was to be implemented by December 31, 2007 as per the signed Compliance Agreement.

Audit findings:

The Organization signed a Compliance Agreement that stated it would have corrective actions in place for the issues related to their activities outside of Canada by December 31, 2007. While the Organization agreed to implement written agreements with each agent containing prescribed information, to date this has not happened. The Organization has not engaged in written agreements, nor has it kept any form of books and records relating to its foreign activities. The Organization purportedly engages in the following activities outside of Canada:

- Micro-credit finance for women traders in Nigeria;
- Sending medicines and money to a family of four in Zimbabwe;
- Water projects in Uganda and Kenya
- Shipping articles of clothing to Benin, Democratic Republic of Congo, Kenya, Uganda, Rwanda, Malawi and Ghana.

The lack of source documentation (emails, website updates, board minutes, airfare receipts/tickets, etc.) has made it impossible to prove that any direction or controls exist.

Conclusion:

Therefore, it is CRA's view that the Organization does not exercise the required degree of direction and control over the use of its funds, and/or over the activities to be conducted with those funds, to establish that it is carrying out its own charitable activities in accordance with the provisions of the Act. For this reason alone there are grounds for revocation of the Organization's registered status.

4. Issuing receipts not in accordance with the Act

Legislation:

Pursuant to subsection 118.1 of the Act, a registered charity can issue tax receipts for income tax purposes for donations that legally qualify as gifts. The Act requires the registered charity to ensure the information on its official donation receipts is accurate. The requirements for the content of the receipts are listed in Regulation 3501 of the Act. A charity can have its registered status revoked under paragraph 168(1)(d) of the Act for issuing tax receipts with incorrect information.

Audit findings:

The official donation receipts (ODRs) issued by the Organization did not comply with the requirements of Regulation 3501 of the Act. The following issues were noted:

- ODRs were lacking the name, Canada Revenue Agency, and the website address www.cra-arc.gc.ca/charities;
- ODRs were lacking the date or the year during which the donation was received;
- ODRs were lacking a unique serial number;
- ODRs for gifts-in-kind ("GIK") were lacking sufficient detail to ascertain that the goods were for the benefit of the Organization. As an example \$6,000 was receipted to an individual for medical supplies however the only documentation provided was a copy of the ODR. Without sufficient source documentation to establish the fair market value ("FMV") of this GIK, it is our position that the FMV of the GIK, and therefore the eligible amount of this gift, is nil;
- ODR log does not keep record of dates of donations nor the address of the donors.
- Replacement ODRs do not have a notation to the effect that "This cancels and replaces receipt #";
- Many receipts did not provide adequate documentation to verify that the amounts represented a true gift to the Organization and/or that the resulting assets were employed for charitable purposes. In the instance of two receipts given to one individual in 2010 for \$18,000 and in 2011 for \$20,000, these amounts could not be traced through the bank and general ledger. Invoices, receipts and similar documentation should provide enough detail to verify who made the outlay, the description of the gift provided, and enough additional detail to verify that the asset is being used for charitable purposes.

Conclusion:

As the Organization has failed to issue receipts in accordance with the Act and the Regulations, there are grounds to revoke the registration of the Organization under paragraph 168(1)(d) of the Act.

5. Failure to prepare proper documentation for payments to an employee/director

Legislation:

Where salaries or wages are paid, the Act requires annual T4 Statements of Remuneration Paid and T4 Summaries be prepared by the employer. Further, where payments are made for fees, commissions or other amounts for services to a person who is not an employee, a T4A slip and a T4A Summary must be prepared. As such, a person making such payments for fees, commissions or other amounts for services described in paragraph 153(1)(g) of the Act, is required under subsection 200(1) of the Regulations to make an information return in prescribed form (T4A), even if no income tax has been withheld at source. However, if the amount of payment is less than \$500, the CRA generally waives the T4A reporting requirement unless income tax was withheld at source, in which case, a T4A must be issued.

Audit findings:

As the Organization did not provide any source documentation for the audit, we cannot verify if T4As should have been issued for the casual labour. Also, in 2011, the Organization budgeted for a summer student predicated on receiving a Canada Student Summer Job grant from the Federal government. After analyzing the bank deposits, it was determined that the Organization received a grant in the amount of \$3,615. The Organization maintained a spreadsheet showing the amount they were to pay out to the summer student, and niece to Executive Director, [REDACTED] which included the amounts to be withheld for CPP, EI and income tax. However, the Organization did not pay the source deductions nor did it have an active payroll account during this timeframe as the Organization closed it effective May 7, 2009.

Conclusion:

The failure to prepare proper documentation for payments to an employee (in this case, the Student) is grounds for revocation under sections 149.1(2) and 168(1)(b) of the Income Tax Act.

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

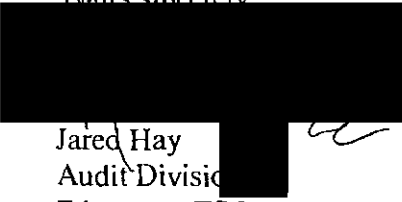
Should you choose to respond, please provide your written representations and any additional information regarding the findings outlined above **within 30 days** from the date of this letter. After considering the representations submitted by the Organization, the Director General of the Charities Directorate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

- no compliance action necessary;
- 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 to revoke 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 me at the numbers indicated below. My team leader, Erin Carroll, may also be reached at (780)495-4325.

Yours sincerely,


Jared Hay
Audit Division
Edmonton TSO

cc march 16/16

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Section 149.1 Qualified Donees

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;
- (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; or
- (c) makes a disbursement by way of a gift, other than a gift made
 - (i) in the course of charitable activities carried on by it, or
 - (ii) to a donee that is a qualified donee at the time of the gift.

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;
- (b.1) makes a disbursement by way of a gift, other than a gift made
 - (i) in the course of charitable activities carried on by it, or
 - (ii) to a donee that is a qualified donee at the time of the gift;
- (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 149.1(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;

(b.1) makes a disbursement by way of a gift, other than a gift made

(i) in the course of charitable activities carried on by it, or

(ii) to a donee that is a qualified donee at the time of the gift;

(c) has, in respect of a class of shares of the capital stock of a corporation, a divestment obligation percentage at the end of any taxation year;

(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 it has entered into a transaction (including a gift to another registered charity) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the expenditure of amounts on charitable activities;

(b) of a registered charity, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another registered charity to which paragraph (a) applies was to assist the other registered charity in avoiding or unduly delaying the expenditure of amounts on charitable activities;

(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;

(d) of a registered charity, if it has in a taxation year received a gift of property (other than a designated gift) from another registered charity with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those taxation years, an amount that is less than the fair market value of the property, on charitable activities carried on by it or by way of gifts made to qualified donees with which it deals at arm's length; and

(e) of a registered charity, if an ineligible individual is a director, trustee, officer or like official of the charity, or controls or manages the charity, directly or indirectly, in any manner whatever.

Section 168:

Revocation of Registration of Certain Organizations and Associations

168(1) Notice of intention to revoke registration

The Minister may, by registered mail, give notice to a person described in any of paragraphs (a) to (c) of the definition "qualified donee" in subsection 149.1(1) that the Minister proposes to revoke its registration if the person

- (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;
- (c) in the case of a registered charity or registered Canadian amateur athletic association, fails to file an information return as and when required under this Act or a regulation;
- (d) issues a receipt for a gift 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 the granting of which was expressly or implicitly conditional on the association making a gift to another person, club, society or association.

168(2) Revocation of Registration

Where the Minister gives notice under subsection 168(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 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, if

(a) in the case of a person that is or was registered as a registered charity or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(2) to (4.1), (6.3), (22) and (23);

(b) in the case of a person that is or was registered as a registered Canadian amateur athletic association or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(4.2) and (22); or

(c) in the case of a person described in any of subparagraphs (a)(i) to (v) of the definition "qualified donee" in subsection 149.1(1), that is or was registered by the Minister as a qualified donee or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(4.3) and (22).

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

Where the Minister

(a) confirms a proposal or decision in respect of which a notice was issued under any of subsections 149.1(4.2) and (22) and 168(1) by the Minister, to a person that is or was registered as a registered Canadian amateur athletic association or is an applicant for registration as a registered Canadian amateur athletic association, or does not confirm or vacate that proposal or decision within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal or decision,

(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,

(a.2) confirms a proposal or decision in respect of which a notice was issued under any of subsections 149.1(4.3), (22) and 168(1) by the Minister, to a person that is a person described in any of subparagraphs (a)(i) to (v) of the definition "qualified donee" in subsection 149.1(1) that is or was registered by the Minister as a qualified donee or is an applicant for such registration, or does not confirm or vacate that proposal or decision within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal or decision,

(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) [Repealed, 2011, c. 24, s. 54]

(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,

(g) refuses to accept for registration for the purposes of this Act any retirement income fund,

(h) refuses to accept for registration for the purposes of this Act any pooled pension plan or gives notice under subsection 147.5(24) to the administrator of a pooled registered pension plan that the Minister proposes to revoke its registration, or

(i) refuses to accept an amendment to a pooled registered pension plan,

the person described in paragraph (a), (a.1) or (a.2), the applicant in a case described in paragraph (b), (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), the administrator of the plan or an employer who participates in the plan, in a case described in paragraph (f) or (f.1), or the administrator of the plan in a case described in paragraph (h) or (i), may appeal from the Minister's decision, or from the giving of the notice by the Minister, to the 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) [Repealed, 2011, c. 24, s. 55]

(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),

(c.2) the mailing of notice to the administrator of the pooled registered pension plan under subsection 147.5(24), or

(d) the time the decision of the Minister to refuse the application for acceptance of the amendment to the registered pension plan or pooled 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

(c) 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) or (12) applies

188(4) Transfer of property tax

If 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, or solidarily, 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”

« *montant de l'actif net* »

“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”

« *valeur nette* »

“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.

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 sent 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 particular person in respect of the particular person'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 particular person after the day on which the Minister first assessed that liability and before the particular time to another person that was at the time of the transfer an eligible donee in respect of the particular person, 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 other 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 or registered Canadian amateur athletic association, 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.



REGISTERED MAIL

Mr. David Cooper
President
Am Echad Congregation
848 Sheppard Ave. W.
Toronto ON M3H 2T5

BN: 124041393RR0001
File #: 0708255

FEB 10 2017

**Subject: Notice of Intention to Revoke
 Am Echad Congregation**

Dear Mr. Cooper:

We are writing further to our letter dated August 7, 2014 (copy enclosed), in which you were invited to submit representations as to why the registration of Am Echad Congregation (the Organization) should not be revoked in accordance with subsection 168(1) of the *Income Tax Act* (the Act).

We have reviewed and considered information presented by your representative, Mr. Adam Serota, resulting from our meeting on January 22, 2015. However, 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 proper books and records, provided a private benefit to its president, issued official receipts for income tax purposes that were not in accordance with the Act, and failed to file an accurate information return. 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.

Consequently, for each of the reasons mentioned in our letter dated August 7, 2014, we wish to advise you that, pursuant to subsection 168(1) and 149.1(2) of the Act, we 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) and 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	Name
124041393RR0001	Am Echad Congregation 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.

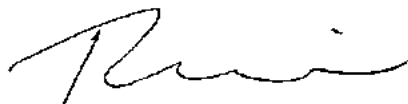
Consequences of Revocation

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;
- 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 1-800-959-8287.

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,



Tony Manconi
Director General
Charities Directorate

Attachments:

- CRA letter dated August 7, 2014
- Appendix "A", Comments on Representations of January 22, 2015
- Appendix "B", Relevant provision of the Act

cc: Ms. Lillian Cooper
Director
Am Echad Congregation



Document disclosed under the
Access to Information Act
Document divulgué en vertu de la
Loi sur l'accès à l'information



REGISTERED MAIL

Am Echad Congregation
848 Sheppard Ave W.
Toronto, ON M3H 2T5

BN: 12404 1393RR0001

Attention: David Cooper

File #: 0708255

August 7, 2014

Subject: Audit of Am Echad Congregation

Dear Mr Cooper:

This letter is further to the audit of the books and records of the Am Echad Congregation (the Organization) conducted by the Canada Revenue Agency (CRA). The audit related to the operations of the Organization for the period from July 1, 2011 through June 30, 2013.

During our discussions, you were advised that the CRA has identified specific areas of non-compliance with the provisions of the *Income Tax Act* (Act) and/or its *Regulations* in the following areas:

AREAS OF NON-COMPLIANCE:		
	Issue	Reference
1.	Failure to maintain adequate books and records	230(2), 168(1)(e)
2.	Providing a Personal Benefit	149.1(1), 168(1)(d)
3.	Issuing Tax Receipts not in accordance with the Act	168(1)(d) Regulation 3501
4.	Failure to File An Accurate Information Return	168(1)(c), 149.1(14)

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 maintain adequate books and records, and books of account, at an address in Canada recorded with the Minister. In addition to retaining copies of donation receipts, as explicitly required by subsection 230(2), subsection 230(4) provides that "Every person required by this section to keep records and 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 of account relate."

The policy of the CRA relating to the maintenance of books and records, and books of account, is based on several judicial determinations, which have held that:

- it is the responsibility of the registered charity to prove that its charitable status should not be revoked;¹
- a registered charity must maintain, and make available to the CRA, at the time of an audit, meaningful books and records, regardless of its size or resources. It is not sufficient to supply the required documentation and records subsequent thereto;² and
- the failure to maintain proper books, records and records of account in accordance with the requirements of the Act is itself sufficient reason to revoke an organization's charitable status.³

During three prior audits of the Organization, the CRA observed issues of non-compliance relating to the Organization's books and records, official donation receipts and Information Return (Form T3010). The Organization provided written undertakings on March 18, 1994 and April 17, 1999 and signed a Compliance Agreement on January 11, 2006 (copy attached). The Organization previously agreed to implement the negotiated corrective measures and ensure they will "maintain proper books and records including source documents and prepared financial statements" and comply with the requirements of the Act, for the Organization to maintain its registered status. The audit findings indicate the books and

¹ The Canadian Committee for the Tel Aviv Foundation vs. Her Majesty the Queen, 2002 FCA 72 (FCA)

² Supra, footnote 3; The Lord's Evangelical Church of Deliverance and Prayer of Toronto v. Canada (2004) FCA 397

³ (College Rabbiniqne de Montreal Oir Hachaim D'Tash v. Canada (Minister of the Customs and Revenue Agency, (2004) FCA 101; Act section 168(1)

records of the Organization were inadequate for the purposes of the Act due to the following deficiencies:

1. The auditor was not able to verify the accuracy and completeness of the reported revenue from donations as the supporting documentation provided was incomplete. Numerous bank accounts were used by the director. Revenue amounts reported on the T3010 returns could not be reconciled to the amounts in the general ledger and bank statements as only partial records were made available.
2. The documentation maintained by the Organization to support its expenses was not adequate. For the period ended June 30, 2013, the T3010 reported total expenditures of \$62,541 at line 4950 yet the records provided indicated expenses of \$100,659. The records consisted of a manual ledger that mainly showed annual total of various expense categories (ie [REDACTED]). The Organization had very little source documentation to support the amounts that were claimed on the return, or that were recorded in the ledger. For example \$47,384.65 of expenses were selected to be tested, and \$41,751.79 of these had no source documentation.
3. There was no separation of personal expenditures and charitable expenditures. The Organization's books and records and personal records of the director were intermingled.
4. The Organization did not keep Minute Books.

The audit of the Organization has revealed that the Organization is not complying with the requirements set out in the Income Tax Act and had failed to comply with numerous elements of the Compliance Agreement it signed on January 11, 2006. In particular, it was found that the Organization failed to maintain proper books and records, which was the area of non-compliance identified in our previous audits and for which the Organization agreed to implement the negotiated corrective measures.

Under paragraph 168(1)(e) of the Act, 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 Act dealing with books and records. The Organization has failed to comply with and has contravened section 230 of the Act. For this reason alone there may be grounds to revoke the registered status of the Organization under paragraph 168(1)(e) of the Act.

2) Providing Private/Undue Benefit:

The Organization is registered as a charitable organization. In order to satisfy the definition of a "charitable organization" pursuant to subsection 149.1(1) of the Act, "charitable organization" is defined as, "an organization.... no part of the income of which is payable to, or otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settler thereof, ". At common law, and by statute, a registered charity cannot be

established to confer a private benefit on non-charitable beneficiaries or non-qualified donees. Private benefits that occur during the normal operations of a charity - when a charity pursues activities that further its charitable purpose - such as salaries, fees for services and office expenses, are acceptable provided they:

- arise directly through the pursuit of the charity's purposes or are incidental and ancillary to the achievement of those purposes;
- are unavoidable and necessary to the achievement of the charity's purposes; and
- are reasonable or not disproportionate compared to the public benefit achieved in all circumstances.

If the activities that a registered charity conducts confer a private benefit that does not meet these criteria, it will be considered an undue benefit.

During the initial interview, it was explained that the Organization pays a salary to its director which includes a benefit relating to the use of his personal vehicle. However, the Organization has not issued any T4s for the salary and the benefits provided.

Following the three prior audits conducted, the Organization signed written undertakings and a Compliance Agreement, making assurances that the Organization will issue T4 slips for all amounts paid to employee(s)/directors, and that all proper deductions will be withheld and remitted, and that summary T4 reports will be filed as required.

The audit also revealed that the Organization had incurred numerous expenses which were non-charitable. Examples of expense items paid for by the Organization included [REDACTED] charges, [REDACTED] payments, home expenses and the expenses relating to the rental property of the director. In addition to these items, the Organization paid for the wedding expenses of the director and recorded the amounts as charitable expenses.

Throughout the audit the Organization failed to demonstrate that in fact any of the recorded expenses were incurred to further its charitable purposes. Furthermore, very little supporting documentation was provided that would allow for conformation of the expenses which were incurred for charitable purposes.

As a result it is the CRA's view that undue benefits were conferred on the director of the Organization.

3) Issuing Tax Receipts not in accordance with the Act:

The official donation receipts issued by the Organization did not comply with the requirements of Regulation 3501 of the Act and IT-110R3 entitled, *Gifts and Official Donation Receipts*. The items are detailed below:

1. The Organization failed to include the address of the donor, and the Organization's address as recorded with the CRA on the donation receipts it issued.
2. The Organization failed to include its BN on the donation receipts issued to donors.

2. Our analysis of revenue showed that the Information Return did not include all of the Organization's revenue.
3. When completing the Information Return, the Organization reported all the revenue for which a donation receipt was not issued on line 4530 as "Total other gifts received for which a tax receipt was not issued by the charity". This is not correct as all the additional revenue collected by the Organization is the result of providing goods and services. As a result it should be reported on line 4640 as "Total revenue from sale of goods and services."

The signed Compliance Agreement dated January 11, 2006, stated that, "The 2004-06-30 and 2003-06-30 T3010A's failed to report total revenue from the sale of goods and services." The Organization was required to file an amended information return for the year ending June 30, 2004. Though the Organization agreed to make the amendment, it has failed to adhere to its commitments.

Under paragraph 168(1)(c) of the Act, the Minister may, by registered mail, give notice to the charity that the Minister proposes to revoke its registration because the charity fails to file a *Registered Charity Information Return* as and when required under the Act or a Regulation. For this reason, it appears to us that there may be grounds for revocation of the charitable status of the Organization under paragraph 168(1)(c) of the Act.

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 Charity 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:

- no compliance action necessary;
- 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 to Revoke in the manner described in subsection 168(1) of the Act.

3. The Organization does not issue the donation receipts to its donors in a sequential order.
4. The Organization gave donation receipts for rental revenue it had received.

As part of the signed Compliance Agreement dated January 11, 2006, The Organization agreed that:

- "The Charity will show its actual address and business number on all donation receipts.";
- "The Charity will include the full address of the donors including the postal code on all donation receipts.";
- "The Charity will hence not issue donation receipts for services it renders to other persons or services it receives from other persons."

The Organization failed to implement the necessary changes outlined in the compliance agreement signed on January 11, 2006. Under paragraph 168(1)(d), 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 Act and the Regulations. It is our position that the Organization has issued receipts otherwise than in accordance with the Act and the Regulations. For each reason identified above, there may be grounds for revocation of its charitable status under paragraph 168(1)(d) of the Act.

4) Failure to File An Accurate Information Return:

Pursuant to subsection 149.1(14) of the Act, every registered charity must, within six months from the end of the charity's fiscal period (taxation year), without notice or demand, file an information return with the applicable schedules.

It is the responsibility of the Organization to ensure that the information that is provided in its information return, schedules and financial statements, is factual and complete in every respect. A charity is not meeting its requirement to file an information return if it fails to exercise due care with respect to ensuring the accuracy thereof.

The audit indicated the Information Return filed by the Organization is not accurate, in that it does not report the correct revenue amount, or the correct expense amounts that were incurred. In the course of the audit, the following deficiencies were noted:

1. As indicated in the above section, Failure to Maintain Adequate Books and Records, the total expense amount reported on line 4950 is not correct. The total amount identified in the ledgers provided by the Organization does not support the amount reported on the Information Return. The result is that the total expense reported on the T3010 Information Return is not accurate.

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.

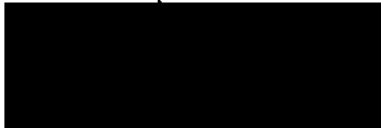
If you have any questions or require further information or clarification, please do not hesitate to contact me at the numbers indicated below.

Yours sincerely,

Don Pratt
Audit Division
East Central Ontario Tax Service Office – Kingston

Telephone: 613-536-3558
Toll Free: 1-800-588-8035
Facsimile: 613-536-4629
Address: 31 Hyperion Court, PO Box 2600
Kingston, Ontario K7L 5P3

c.c.: Lillian Cooper



Am Echad Congregation

Comments on Representations of January 22, 2015

Audit Background of the Organization

This is Am Echad Congregation's fourth audit. Details regarding the previous audits are outlined below.

Audit of the fiscal period ended July 31, 1992

This audit revealed the following areas of non-compliance:

- Am Echad Congregation (The Organization) did not issue T4s for wages paid over \$500. It also failed to collect payroll deductions and remit them to CRA (formerly Revenue Canada, Taxation). The Organization agreed with this finding.
- Financial statements had not been prepared. An attempt was made by the Organization's representative to complete financial statements, but these were incorrect. The Organization agreed with this finding.
- The auditor was unable to verify the accuracy of the amounts reported on the T3010, *Registered Charity Information Return*, because detailed records were not available. According to bank statements provided, the revenues were understated and the expenses were overstated on the T3010. The Organization indicated that action would be taken to correct this problem.

In response to the audit findings, the Organization submitted an undertaking dated March 18, 1994. The undertaking stated that the Organization would make payroll deductions and submit T4s in the future, would engage proper accounting expertise in order to maintain proper books and records, and that it would submit proper T3010 returns in the future. It was signed by Mr. David Cooper, who is the Organization's president.

Audit of the fiscal period ended June 30, 1995

This audit revealed the following areas of non-compliance:

- The Organization did not issue T4s for wages over \$500. The Organization's response was that these were casual wages that did not require a T4.

- The Organization had financial statements that were prepared by an accountant; however, the audit trail was insufficient and the auditor was unable to trace official receipted amounts to bank deposits. In addition, there were transactions between the president's personal bank account and the Organization's bank account. The Organization's response was that they hired a new accountant to implement a new financial accounting system.
- The Organization failed to submit its T3010s for 1994 and 1995 within six months of the fiscal period end. The Organization's response was that its previous accountant did not file the returns as he was supposed to.
- The official receipts could not be traced to deposits, all receipts were not accounted for, and replacement of lost receipts did not include the statement "this cancels and replaces receipt number XXXX". The Organization agreed that it would correct this deficiency.
- There were a large number of financial transactions between the bank accounts of the Organization and the president. \$92,888 was personally withdrawn and \$52,105 was credited to an account called "Advances from Directors". The opening balance on that account was \$148,874. The Organization agreed to seek advice regarding this issue from its new accountant.
- The auditor noted that despite the issuance of a previous undertaking letter, no progress had been made by the Organization.

In response to the audit, the Organization submitted two undertaking letters, dated February 28, 1999, and April 17, 1999. The first undertaking stated that the Organization wished to change its fiscal period end, that in the future a stricter separation from personal accounts and the congregation would be adhered to, and that employees would be issued T4 slips. The second undertaking stated that the Organization would include the proper notation for the replacement of official receipts, that all employees would be issued T4/T4As, that the 1997/1998 returns had been submitted, and there were books and records available upon request. Both undertaking letters were once again signed by Mr. David Cooper.

Audit of the period July 1, 2002, to June 30, 2004

This audit revealed the following areas of non-compliance:

- The official receipts did not comply with Regulation 3501. This included issuing receipts for service and in lieu of payment to vendors.
- There were books and records deficiencies including that the Organization did not maintain its own bank account, it did not have a system and/or audit trail to verify disbursement receipts, it did not prepare financial statements for the years under review, and expenditures included personal expenses of the president.
- Mr. Cooper received salary payments for which he did not receive a T4, nor were source deductions taken or remitted to CRA.

- The Organization did not properly complete its T3010s as many of the items reported were incorrectly identified or omitted.
- The auditor was unable to calculate the disbursement quota.

This audit resulted in a Compliance Agreement. The corrective measures in the agreement included that the Organization would include the address, business number, and donor's full address on all official receipts. It also stated that official receipts would not be issued for services or in lieu of payment to vendors. The agreement stated that the Organization would maintain a separate bank account and maintain deposit slips, bank statements, and cancelled checks, that it would set up a register for its members, and appointment book for its activities, that it would maintain proper books and records, including source documents and preparing financial statements, and that it would segregate the personal expenses of the president or any other employee from the Organization's expenses. Finally, the corrective measures stated that the Organization would issue T4 slips and would file an amended T3010 for the fiscal period ended June 30, 2014. The Compliance Agreement was signed by Mr. David Cooper on January 11, 2006.

Failure to Maintain Adequate Books and Records:

Our previous letter advised that subsection 230(2) of the Act requires that every registered charity maintain adequate books and records, and books of account, at an address in Canada recorded with the Minister. In addition to retaining copies of donation receipts, as explicitly required by subsection 230(2), subsection 230(4) provides that "Every person required by this section to keep records and 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 of account relate."

We further advised that the audit revealed the Organization had not maintained adequate books and records. The specific deficiencies can be reviewed in the attached copy of our previous letter.

Representations

On January 22, 2015, the auditor attended a meeting with the Organization's representative, [REDACTED]. [REDACTED] was not able to provide any additional explanation for the continued inadequacies of the books and records. He was only able to say that there would be an attempt to improve the maintenance of the books and records in the future.

Under paragraph 168(1)(e) of the Act, the Minister may, by registered mail, give notice to a charity that the Minister proposes to revoke its registration because it fails to comply with or contravenes section 230 of the Act. For this reason, there are grounds for revocation of the charitable status of the Organization under paragraph 168(1) (e) of the Act.

Providing a Private Benefit:

Our previous letter stated that in order to satisfy the definition of a “charitable organization” pursuant to subsection 149.1(1) of the Act, “charitable organization” is defined as, “an organization.... no part of the income of which is payable to, or otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settler thereof”.¹ At common law, and by statute, a registered charity cannot be established to confer a private benefit on non-charitable beneficiaries or non-qualified donees.

The audit revealed that the Organization was providing a private benefit to its president, Mr. David Cooper. Details can be found in the attached copy of our previous letter.

Representations

At the January 22, 2015, meeting referenced above, ██████████ did not refute the issue that Mr. Cooper received a private benefit from the Organization. As mentioned above, a charity cannot confer a benefit on a non-qualified donee. Such instances are considered gifting to a non-qualified donee, which is a contravention of the Act.

It is our position that the Organization has permitted the use of its charitable assets for personal benefits and as such, gifted to a non-qualified donee. Therefore it has failed to demonstrate that it meets the test for continued registration under subsection 149.1(4) as a charitable foundation that “no part of the income of which is payable to, or is otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settlor thereof”. For this reason, there are grounds for revocation of the charitable status of the Organization under paragraph 168(1)(b) and 149.1(4)(b) of the Act.

¹ Please note that while the Organization is a private foundation and not a charitable organization, the obligation that “... no part of the income of which is payable to, or otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settler thereof” still applies as per subsection 149.1(1) in reference to charitable foundations.

Issuing Tax Receipts Not in Accordance with the Act:

Audit Findings

The audit revealed that the Organization issued official receipts that were missing elements required by Regulation 3501 and did not comply with IT-110R3, *Gifts and Official Donation Receipts*. Details can be found in the attached copy of our letter.

Representations

The Organization's representative did not address this issue during the meeting with the auditor on January 22, 2015. He simply stated that an effort would be made to improve record keeping in the future.

Under paragraph 168(1)(d) of the Act, the Minister may, by registered mail, give notice to the charity that the Minister proposes to revoke its registration because it issues a receipt for a gift or donation otherwise than in accordance with the Act and the regulations. For this reason, there are grounds for revocation of the charitable status of the Organization under paragraph 168(1)(d) of the Act.

Failure to File an Accurate Information Return:

Audit Findings

Our previous letter advised that pursuant to subsection 149.1(14) of the Act, every registered charity must, within six months from the end of the charity's fiscal period (taxation year), without notice or demand, file an information return with the applicable schedules.

The audit revealed that the Organization failed to file an accurate T3010, *Registered Charity Information Return*. Details regarding the deficiencies of the T3010 can be found in the attached copy of our previous letter.

Representations

The Organization's representative did not dispute this issue during the meeting with the auditor on January 22, 2015. He simply stated that an effort would be made to improve this in the future.

Under paragraph 168(1)(c) of the Act, the Minister may, by registered mail, give notice to the charity that the Minister proposes to revoke its registration because it failed to file an information return as and when required under this Act or a regulation. For this reason, there are grounds for revocation of the charitable status of the Organization under paragraph 168(1)(d) of the Act.

Conclusion

The Organization has been audited four times over the course of twenty-two years. Each of these audits has resulted in the same or similar non-compliance issues. In each case, the Organization's president, Mr. David Cooper, was the individual involved directly with the audit. The results were communicated to him each time, and each time he assured the Charities Directorate that improvements would be made in the future. Two undertakings and one Compliance Agreement later, the Organization has failed to follow through with any of the changes or corrective measures agreed to in the previous audits.

Given the Organization's clear refusal to follow through with any of the improvements and corrective measures communicated to it in the past twenty-two years, it is our view that despite the Organization's promises to address these issues, it is extremely unlikely that any significant changes will be made and it is highly likely that the non-compliance will continue in the future.

We advise that the courts have upheld the position that revocation is a reasonable response to repeated non-compliance, where a lack of books and records prevents the auditor from verifying the accuracy and validity of official receipts, and where there are significant misstatements on the T3010, *Registered Charity Information Return*.² As such, it is our position that the Organization's charitable registration be revoked under paragraphs 168(1)(b), 168(1)(c), 168(1)(d), and 168(1)(e) of the *Income Tax Act*.

² *Prescient Foundation v. MNR*, [2013] FCA 120, at para. 51, *Jaamiah Al Uloom Al Islamiyyah Ontario v. MNR*, [2016] FCA 49, at para. 15, *Opportunities for the Disabled Foundation v. MNR*, [2016] FCA 94, at paras. 48-50.

Appendix B Relevant Provisions of the Act

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.