



JUN 11 2007

BY REGISTERED MAIL

Christ Ascension Church of Canada
127 Habitant Drive
North York, Ontario M9M 2P4

BN: 86520 0299 RR 0001

Attention: Ms. Louisa Onyeama-Asonye

**SUBJECT: Notice of Intention to Revoke
Christ Ascension Church of Canada**

Dear Ms. Onyeama-Asonye

I am writing further to our letter dated October 5, 2006 (copy enclosed), in which you were invited to submit representations to us as to why the Minister of National Revenue should not revoke the registration of Christ Ascension Church of Canada (the "Charity") in accordance with subsection 168(1) of the *Income Tax Act* (the "ITA").

We have reviewed the correspondence provided on your behalf from your authorized representative, Mr. Timothy Ricketts of Cooper & Company Chartered Accountants, and have considered the comments within. After careful review of the representations included in the letter of October 18, 2006 (copy attached), it is our conclusion that they do not provide sufficient reasons why the Charity's status as a registered charity should not be revoked. The audit conducted by the Canada Revenue Agency (the "CRA"), had identified that the Charity failed to maintain control and accountability over its funds transferred outside of Canada, failed to maintain adequate records to support the information reported on the *Registered Charity Information Return* (the "T-3010") and failed to maintain duplicate copies of issued official donation receipts.

Official donation receipts reviewed by CRA did not comply with *Regulation 3501* of the ITA, were re-issued with the same receipt number, and had no original receipt even though marked cancelled or void. The representations failed to provide specific information as to how the charity would maintain control and accountability of the funds expended nor did it include documentation that would have enabled the Charity to demonstrate that they have devoted their resources to charitable activities.

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Consequently, for each of the reasons mentioned in our letter dated October 5, 2006, I wish to advise you that, pursuant to the authority granted to the Minister in subsection 149.1(2) of the ITA, and delegated to me, I propose to revoke the registration of the Charity. By virtue of subsection 168(2) of the ITA, the revocation will be effective on the date of publication in the *Canada Gazette* of the following notice:

Notice is hereby given, pursuant to paragraphs 168(1)(b), 168(1)(d) and 168(1)(e) of the Income Tax Act, that I propose to revoke the registration of the organization listed below under subsection 149.1(4) and paragraph 149.1(4)(b) of the Income Tax Act, and that the revocation of registration is effective on the date of publication of this notice.

Business Number	Name
86520 0299 RR 0001	Christ Ascension Church of Canada North York, Ontario

In accordance with subsection 168(2) of the ITA, you can suspend this process (i.e. seek an extended period before revocation) by applying to the Federal Court of Appeal or a judge of that court for a stay. The Court will acknowledge your application and provide you with an action number. We require a copy of the Court acknowledgement of your request for a stay to stop the revocation process.

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

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

Please note that, notwithstanding the filing of a Notice of Objection, the Charity must seek the above-noted stay to prevent revocation from occurring. Unless the Canada Revenue Agency receives notice that an application for a stay has been filed to the Federal Court of Appeal or judge of that court regarding this revocation, we intend to proceed with the publication of the above notice in the *Canada Gazette* in **30 days** thereby affecting the revocation of the Charity's registration.

Consequences of a Revocation

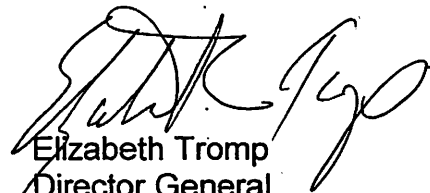
As of the date of revocation of the Charity's registration, which is the date upon which the above-noted notice is published in the *Canada Gazette*, the Charity will no longer be exempt from Part I Tax as a registered charity and **will no longer be permitted to issue official donation receipts.**

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

Furthermore, the Charity will no longer qualify as a charity for purposes of subsection 123(1) of the *Excise Tax Act* (the "ETA"), effective on the date of revocation. As a result, it 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. A copy of the relevant provisions of the ETA that apply to charities (Appendix "B") is also attached for your information.

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

Yours sincerely,



Elizabeth Tromp
Director General
Charities Directorate



October 5, 2006

Christ Ascension Church of Canada
127 Habitant Drive
Toronto, Ontario
M9M 2P4

Attention: Ms. Louisa Onyeama-Asonye

BN: 865200299RR0001
File #: 3021650

SUBJECT: Audit of Christ Ascension Church of Canada

Dear Ms. Onyeama-Asonye:

This letter is further to the audit of the books and records of Christ Ascension Church of Canada (hereinafter, the "Charity") by the Canada Revenue Agency (hereinafter, the "CRA"). The audit related to the operations of the registered charity for the period from January 1, 2002 to December 31, 2003.

The results of this audit indicate that the Charity is in contravention of certain provisions of the *Income Tax Act* (hereinafter, the "Act") or its Regulations. In order for a registered charity to retain its registration, it is required to comply with the provisions of the Act applicable to registered charities. If these provisions are not complied with, the Minister may revoke the Charity's registration in the manner prescribed in section 168 of the Act.

The balance of this letter describes how the CRA considers that the Christ Ascension Church of Canada contravenes the Act.

Books and Records

Section 230(2) of the Act requires every registered charity to maintain adequate records and books of account at an address in Canada recorded with the Minister or designated at an address in Canada recorded with the Minister or designated by the Minister.

- (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

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- (b) all other records and books of account referred to in this section, together with every account and voucher necessary to verify the information contained therein, until the expiration of six years from the date of the last taxation year to which the records and books relate”.

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.

We found during the audit that the Charity's stated expenditures and revenues lacked proper recording and documentation. Expenditure vouchers and receipts provided did not correspond with the amounts on the financial statements, and no working papers or disbursement journals existed to verify the accuracy of the financial statements.

Financial control over donation revenues was absent, as the Church, did not use bank accounts to safeguard or control these assets. The money allegedly kept on the premises and given to volunteers to deliver to Nigeria for purposes of carrying on with charitable activities.

Funds sent overseas

A Canadian charity carrying out its activities through an agent or like person should ensure that its funds are safeguarded and books and records are kept relating to the expenditures on behalf of the charity. These records should include details on exactly how the agent is carrying out instructions issued by the charity.

There is no agency agreement in place for the purchase of the land or the transporting of funds to Nigeria. The cash was allegedly couriered in amounts of \$50,000 by two persons known to the charity over the course of the year. As per the Proceeds of Crime (Money laundering) and Terrorist Financing Act, amounts greater than \$10,000 should be reported to the Canada Border Services Agency. No evidence was provided to indicate that this had been done.

There is also no verifiable means of determining if the funds were in fact received in Nigeria and used for the stated purpose. The only documentation provided, was a "Power of Attorney" indicating that land was purchased by the Charity. However, without an agency agreement and proper books and records kept by an agent or like person in Nigeria, it is not possible to substantiate the purchase of land.

Official Donation Receipts

The audit indicates that the donation receipts issued by the organization did not comply with the requirements of Regulation 3501 of the Act and IT-110R3 as follows:

- Voided and cancelled receipts did not have the original receipts attached even though they were blank and had not been issued.
- A receipt was reissued with the same number for a different amount. The receipt should have been cancelled and the new receipt should have referred to the previous receipt and been issued with another number.
- In addition, it was noted that various volunteers were allowed to issue donation receipts apparently without adequate control. Thirteen receipts apparently issued by the same volunteer were found to have greater amounts on the original as compared to the copy retained by the charity.

Incorrectly filed T3010

As per the records provided, the expenditures were overstated on the charity's return. The audit indicated that expenditures were over stated by \$82,635 and \$208,392 respectively for the 2002 and 2003 years.

Revenue was also incorrectly reported as per the information provided by the charity. Donations were recorded on the T3010 for 2002 as \$109,645 while the listing of donors indicated an amount of \$326,315 being donated. The T3010 for 2003 reported an amount of \$6,350,639 while the listing provided showed an amount of \$6,523,509..

Conclusion

For each of the reasons listed above, it appears that there are grounds to revoke the Christ Ascension Church of Canada's status as a registered charity. The consequences to a registered charity of losing its registration include:

- 1) the loss of its tax-exempt status as a registered charity, which means that the Charity would become a taxable entity under Part I of the Act, provided it does not qualify as a non-profit organization as described in Paragraph 149(1)(l)

of the Act;

2) the loss of the right to issue official donation receipts for income tax purposes which means that gifts made to the Charity would not be allowable as a tax credit to individual donors as provided at subsection 118.1(3) of the Act or as a deduction allowable to corporate donors under paragraph 110.1(1)(a) of the Act; and

3) the possibility of a tax payable under Part V, section 188 of the Act.

For your reference, I have attached a copy of the *Income Tax Act* concerning revocation and the applicable tax for revoked charities.

If you do not agree with the facts outlined above, or if you wish to present any reasons why the CRA should not revoke the registration of Christ Ascension Church of Canada in accordance with subsection 168(2) of the Act, we invite you to submit your representations **within 30 days from the date of this letter**. Subsequent to that date, the Director General of the Charities Directorate will decide whether or not to proceed with the issuance of a Notice of Intention to Revoke the registration of Christ Ascension Church of Canada in the manner described in subsections 168(1) and (2) of the Act.

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

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

Yours truly,

N. Swietlinski
Audit Division



Internet : www.cra-arc.gc.ca/charities/