



CANADA REVENUE  
AGENCY

AGENCE DU REVENU  
DU CANADA

**REGISTERED MAIL**

GOSPEL OUTREACH  
303 LINWOOD STREET  
WINNIPEG, MB R3J 2C8

BN: 11894 2598RR0001

Attention: Mr. Harold Reeve

File #: 0449363

May 15, 2012

**Subject: Audit of Gospel Outreach**

Dear Mr. Reeve:

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

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:

<b>AREAS OF NON-COMPLIANCE:</b>		
	<b>Issue</b>	<b>Reference</b>
1.	Providing a Personal Benefit to Members of the Organization	149.1(2), 168(1)(b)
2.	Gifting to Non-Qualified Donees	149.1(1), 168(1)
3.	Failure to Maintain Adequate Books and Records	168(1)(e), 230(2)
4.	Failure to Meet the Disbursement Quota	149.1(2)(b), 168(1)(b)
5.	Issuing Receipts Not in Accordance with the Act	Regs. 3500 and 3501

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. Providing a Personal Benefit to Members of the Organization**

The Organization is registered as a charitable organization. In order for an organization to be recognized as a charity, it must be constituted exclusively for charitable purposes, and devote its resources to charitable activities in furtherance thereof.<sup>1</sup> In the Supreme Court decision of *Vancouver Society of Immigrant and Visible Minority Women v. M.N.R.* [1999] 1 S.C.R. 10, Iacobucci J. speaking for the majority, summarized the requirements for charitable registration at paragraph 159, as follows:

*"In conclusion, on the basis of the Canadian jurisprudence, the requirements for registration under s. 248(1) come down to two:*

- (1) the purposes of the organization must be charitable, and must define the scope of the activities engaged in by the organization; and*
- (2) all of the organization's resources must be devoted to these activities."*

Additionally, in order to satisfy the definition of a "charitable organization" under subsection 149.1(1) of the Act, the charity must ensure its resources are not made available for the personal benefit of any proprietor, member, shareholder, trustee, etc., that is not a charitable organization.

As per the 1975 bylaws, the objects of the Organization were:

- A. "Distribution of Gospel Literature: This is a free distribution of gospel literature to parties interested in knowing God's Way of Salvation as given in our 'Holy Bible'. This is sent usually by mail and without any obligation whatsoever. The sole purpose of the Gospel Outreach is to bring glory to the name of our Lord Jesus Christ by telling others of this Salvation.
- B. "Exhibitions: The Gospel Outreach will display gospel themes at various fairs and exhibitions. The purpose of going to fairs is to show to people God's Way of Salvation. Contacts are made without an obligation attached.

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<sup>1</sup> *Vancouver Society of Immigrant & Visible Minority Women v. Minister of National Revenue*, [1999] 1 S.C.R. 10, at page 110 (paragraph 152, 154, 156)

- C. "Special Gospel Meetings: Special Gospel Meetings are held in schools or other buildings in Winnipeg and outlying districts for adults and children. Money is never collected at these meetings. The purpose for such meetings is telling people about God's Way of Salvation."

In 1984, the objects were amended. The following objects were added to be used in conjunction with the original objects:

- D. "To provide a contact point for individuals involved in socially unacceptable behavior.
- E. "To set up facilities which provide a social, spiritual and family context to equip the individuals in (D) to re-enter society."

It is our view, according to the information on file, that the Organization does not operate for purely charitable purposes and does not devote itself to exclusively charitable activities in pursuit of those purposes. In fact, the evidence on the file, as outlined below, demonstrates that the Organization's funds were made available for the personal benefit of a director and family members of this director and we have been unable to identify the charity or public benefit to each of the expenditures listed below.

The audit showed that in 2009, the Organization expensed numerous personal items for one director totaling \$51,211.16, including the following items:

- Two separate vacations to Punta Cana, Mexico totaling \$3,471.81 were incurred by the director. The dates of the vacations were January 19-26, 2010 and January 25-February 2, 2009. While one trip took place in 2010, it was paid for and expensed in 2009.
- A ski trip to Big Sky/Moonlight Basin, Montana during the period of February 13-22, 2009. The receipts show this was a trip for four people in one room leading to the supposition this was a family trip. The total expensed portion of the trip was \$4,403.63.
- A lakefront property, including a cabin, located at Traverse Bay, Manitoba is registered to the family members of a director, namely his spouse and children. This is a personal lakefront property surrounded on three sides by other personal properties. There were numerous expenses relating to this property paid for by the Organization, including insect foggers, fans, grass seed, sprinklers, a generator, and hot tub equipment. The total of the home/yard purchases for this property in 2009 was \$4,493.12.
- Property taxes for the Traverse Bay property in the amount of \$2,504.85 in 2009.
- Fuel for a boat owned by the Organization totaling \$1,215.08 in 2009.
- Purchase of groceries. Grocery receipts that appeared to be for large numbers of people (i.e. 2 dozen buns with a similar amount of lunch meat) were deemed permissible. Many of the grocery bills appeared to be groceries

for a single family (i.e. one package of ribs, a shampoo, etc). Without proper documentation, we considered those to be personal. Total of the groceries unsupported and considered to be personal was \$1,699.24.

- A 2004 Honda Pilot was purchased for \$19,072.20 on October 1, 2009 with funds from the Organization's bank account. Records show the Organization also has ownership of a 2000 GMC Yukon and a 1994 GMC Safari (although this appears to have been replaced by a 2006 Pontiac Montana). No mileage logs were seen to support the use of any of the vehicles for charitable purposes. The audit revealed that the Organization spent approximately \$4,760 on fuel in 2009. Using statistics from the Natural Resources Canada website, the average price of fuel in Winnipeg in 2009 was \$0.937 per litre. The fuel economy of the vehicles is 14.7 litres per 100 km (this is a non-weighted average). Based on these averages, the calculated distance expensed as charitable activity by the Organization was approximately 34,000 km in 2009. Of note here is that most of the Organization's work takes place in Winnipeg's inner city. Based on these projections, there would appear to be a large amount of personal benefit to the director and/or family. Also pertinent is the fact that the individual appointed to do ministry work with the inner city youth has been provided bus passes by the Organization. The following chart shows the vehicles that are registered to the Organization:

Year	Description	Driver
2004	17.5' Bayliner powerboat	Not ascertainable.
2005	Karavan utility trailer	(boat trailer)
2000	GMC Yukon XL 1500	Director, as per service records and fuel receipts.
2006	Pontiac Montana SV6 EXT	Director's spouse and child's names each appeared on one fuel purchase for the van; the model of the van was not provided. Otherwise not ascertainable.
1994	GMC Safari SLX	Director's family member was named on one of the service records; otherwise not ascertainable.
2004	Honda Pilot EX-L	Not ascertainable.

- The Organization expensed \$3,497 for respite workers for a period of 12 days in July 2009, an unknown number of days in August, and 15 days in September. No records were on file to justify this as a charitable expense in keeping with the Organization's objects and activities.

Three other individuals received personal benefits of lesser materiality including \$156.69 for a kitchen table; \$368.90 for a flight to Vancouver; and \$214.11 in auto repairs.

In addition, a family member of the director received a personal benefit pertaining to the use of the GMC Yukon. He appears to have been the primary driver of the vehicle, based on gasoline receipts and repair invoices. The gas receipts for the Yukon totaled \$1,436.62, and the repair receipts for the Yukon totaled \$4,656.27. A mileage log was not seen for the usage of this vehicle.

It is our position by pursuing this non-charitable purpose, and by operating for the private gain of its member, the Organization has failed to demonstrate it meets the test for continued registration as a charitable organization under subsection 149.1(1) of the Act "operated exclusively for charitable purposes" or as a charitable organization 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".

## 2. Gifting to Non-Qualified Donees

The Act states that a registered charity may only use its resources (funds, volunteers, employees and/or property) in two ways when operating both inside or outside Canada. A registered charity may only use resources on activities where it maintains direction and control and on activities for which it can be held fully accountable. Another option is to provide resources to **qualified donees**, a term that is defined in the Act at section 149.1(1).

A qualified donee is defined in paragraph 110.1(1)(a) and the definitions "total charitable gifts" and "total crown gifts" in subsection 118.1(1). Qualified donees are as follows:

- A registered charity;
- An RNASO (Registered Arts Service Organization) [(since under 149.1(6.4) it should be treated as a registered charity and classified as a charitable organization)]
- An RCAA (Registered Amateur Athletic Association);
- Certain housing corporations;
- A municipality in Canada;
- The United Nations or one of its agencies;
- A university outside Canada found in Schedule VII of the ITA;
- A charitable organization outside Canada to which Her Majesty in the right of Canada or a province has donated (found in IC 84-3R5, "Gifts to Certain Charitable Organizations Outside Canada");
- Her Majesty in the right of Canada.

The Organization indicated that it gives grocery gift cards as part of its inner city ministry work to help those who are needy. Records on file did not show any assessment process for dispersing the gift cards. The audit revealed that the Organization issued

██████████ (grocery) gift cards to 46 persons, families, and/or groups in 2009, totaling \$18,400 (a \$400 gift card was purchased independently of the rest and lacked all supporting documentation; it has been included in the total figure for the personal benefit to the director). Of the 46 persons named, 34 were not shown to be needy, and of those, seven were a director's relatives, four were a director's close friends, and six had business and/or personal relationships with a director. Our review of the persons receiving the gift cards revealed the persons earned income in excess of an amount that would qualify the persons needy. Over 30% of the gift card recipients earned between \$60,000 - \$150,000/year which would not, in our opinion, qualify these persons as poor without further assessments to determine if the persons lacked essential amenities such as food. As per Charity Summary Policy CSP-P03 Poverty "To relieve poverty in the charitable sense means to bring relief of the poor. The poor are not simply the destitute, but anyone lacking essential amenities available to the general population." There were 18 individuals for whom insufficient data was available to determine whether or not they were needy.

Furthermore, the Organization gave \$3,000 to an individual who was required to fundraise in order to attend a religious conference. Neither the individual nor the religious group were qualified donees.

Based on the findings detailed above and the information on file, it is our view that the Organization appears to be in contravention with the Act as it gifted its resources to individuals who were not qualified donees.

### **3. Failure to Maintain Adequate Books and Records**

Pursuant to paragraph 230(2)(a), every registered charity shall keep records and books of account at an address in Canada recorded with the Minister containing information in such form as will enable the Minister to determine whether there are grounds for revocation of its registration under this Act. 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 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 herein, for such period as prescribed; and

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

grounds for revocation of the Organization's registered status and as such, suspension of the Organization's receipting privileges will not be applied at this time.

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

#### 4. Failure to Meet the Disbursement Quota

In order to maintain its status as a charitable organization within the meaning of paragraph 149.1(2)(b) of the Act, a registered charity must, in any taxation year, expend amounts that are equal to at least 80% of the aggregate amounts for which it issued donation receipts in its immediately preceding taxation year. A charity is allowed by virtue of 149.1(20) of the Act to offset any shortfalls in its disbursement quota by applying any excesses in its disbursement quota from its immediately preceding taxation year and five years or less of its immediate subsequent taxation years.

In considering the application of expenditures used to meet the disbursement quota, a charity must ensure that it is expensed directly on charitable activities and/or programs. This would include such payments as salaries to persons performing duties directly related to a charitable program, but would not include amounts paid for purely administrative expenses such as fundraising costs, legal or accounting fees.

Based on the T3010 returns filed by the Organization it has met its disbursement quota in each year since 2007. The total expenditures in 2009, as reported, were \$124,698. We have determined that \$76,043.75 were personal expenditures, as seen in the following chart:

Description	Value
Personal benefits to one director (see section 1)	\$51,211.16
Personal benefits to other individuals (see section 1)	739.70
Benefit to director's family (i.e. Yukon) (see section 1)	6,092.89
Safeway gift card included in benefit to director	400.00
Other Safeway gift cards (see section 2)	18,000.00
Total non-charitable and/or personal expenditures	\$76,043.75

In 2010, the total expenditures, as reported, were \$95,935; in 2011, the total expenditures, as reported, were \$94,705. Those years have not been audited as yet. The 2009 expenditures were higher than normal because of the purchase of the 2004 Honda Pilot.

When we re-calculate the disbursement quota using only expenditures on charitable activities, the Organization failed to meet its disbursement quota in 2009. We have calculated the Organization's disbursement quota shortfall for 2009 to be \$20,130.55.

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<sup>2</sup>;
- a registered charity must maintain, and made available to the CRA at the time of the audit, meaningful books and records, regardless of its size or resources. It is not sufficient to supply the required documentation and records subsequent thereto<sup>2</sup>; and
- the failure to maintain proper books, records and records of account in accordance with the requirements of the ITA is itself sufficient reason to revoke an organization's charitable status<sup>3</sup>.

It is our view the Organization has failed to maintain adequate books and records to support that it devoted all of its resources to its charitable programs. Some examples of inadequate books and records are as follows:

- The ski trip to Montana lacks all documentation showing who was included on the trip and how the trip was a charitable activity;
- The Organization's records show that four vehicles were used; however, mileage logs are not on file for any of the vehicles;
- The books and records fail to show who has use of the vehicles;
- The records include meals receipts and a few entertainment receipts; without exception, the receipts lack descriptions of who was entertained and for what purpose the meal and/or entertainment was purchased;
- The books and records fail to show what charitable activities took place at the lakefront property, and who attended those activities; and,
- The books and records fail to demonstrate how or when the boat is used in charitable activities.

The internal accounting controls are very poor: One director has the full responsibility for recording revenue and expenses. He also has full control over the banking transactions and the issuance of official donation receipts.

Under the Act, failure to comply with subsection 230(2) (keeping proper books and records) may result in the suspension of a registered charity's tax receipting privileges or revocation of its charitable status. It is our view that there appears to be sufficient

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- <sup>2</sup> The Canadian Committee for the Tel Aviv Foundation vs. Her Majesty the Queen, 2002 FC (FCA); International Charity Association Network vs. Her Majesty the Queen, 2008 TCC 3

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

- <sup>3</sup> College Rabbinique de Montreal Oir Hachaim D'Tash v. Canada, Minister of the Customs and Revenue, (2004) FCA 101



Based on the T3010 returns filed by the Organization, it has met its disbursement quota in each year since 2007. As a result of the audit, we determined that many of the expenditures that were listed as charitable expenditures on the T3010 were in fact personal expenditures. It has come to our attention that this was also the case going back as far as 2004. When we re-calculate the disbursement quota using only expenditures on charitable activities, the Organization has failed to meet its disbursement quota in every year since 2005.

As per paragraph 168(1)(b) of the Act, the Minister may, by registered mail, give notice to the charity that the Minister proposes to revoke its registration because it ceases to comply with the requirements of the Act related to its registration as such. For this reason, it appears to us that there are grounds for revocation of the charitable status of Gospel Outreach.

### **5. Issuing Receipts Not in Accordance with the Act**

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

We noted the following concerns regarding the official donation receipts:

- a) The Organization's registration number was recorded as RP0001 instead of RR0001;
- b) The place or locality from which the receipt was issued was not included; and,
- c) The date(s) and/or year in which the donation was received were not indicated on the receipt.

Under paragraph 168(1)(d) of the Act, 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 the CRA's position that the Organization breached Regulation 3501. For these reasons alone there are grounds for revocation of the charitable status of Gospel Outreach under paragraph 168(1)(d) 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 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; or
- giving notice of its intention to revoke the registration of the Organization by issuing a Notice of Intention in the manner described in subsection 168(1) of the Act.

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

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

Yours sincerely,



Jason Letkemann  
Audit Division  
Edmonton Tax Services Office

Telephone: [REDACTED]  
Toll Free: [REDACTED]  
Facsimile: [REDACTED]  
Address: 9700 Jasper Ave  
Edmonton, AB T5J 4C8

Cc:

[REDACTED]  
[REDACTED]  
[REDACTED]



NOV 21 2012

**REGISTERED MAIL**

Gospel Outreach  
303 Linwood Street  
Winnipeg MB R3J 2C8

BN: 118942598RR0001

Attention: Mr. Harold Reeve

File #: 0449363

**Subject: Notice of Intention to Revoke  
Gospel Outreach**

Dear Mr. Reeve:

I am writing further to our letter dated May 15, 2012 (copy enclosed), in which you were invited to submit representations as to why the registration of Gospel Outreach (the Organization) should not be revoked in accordance with subsection 168(1) of the *Income Tax Act*.

We have now reviewed and considered your written response dated May 24, 2012. However, notwithstanding your reply, our concerns with respect to the Organization's providing a personal benefit to members of the Organization, failure to maintain adequate books and records, issuing receipts not in accordance with the Act, gifting to non-qualified donees, and failure to meet the disbursement quota have not been alleviated. The basis for our concerns is explained below.

**Providing a Personal Benefit to Members of the Organization**

In order to satisfy the definition of a "charitable organization" under subsection 149.1(1) of the Act, the Organization must ensure its resources are not made available for the personal benefit of any proprietor, member, shareholder, trustee thereof.

Per our previous letter, the Organization provided personal benefits to a director and family members of this director. We have received the Organization's representations where you have stated that "what I [the director in question] have done and do is for the charitable benefit of others" and that "I used the [Organization] to pay for the expenses as I deemed them to be part of the service of the [Organization]." These statements do not directly address our concerns that the Organization provided personal benefits exceeding \$58,000 or justified the use of four vehicles and one boat in the Organization's charitable activities. For this reason, there are grounds for revocation of the charitable status of Gospel Outreach under paragraph 168(1)(b) of the Act.

### **Failure to Maintain Adequate Books and Records**

Our audit also found the Organization's books and records to be inadequate to support the expenditures appearing personal in nature. We acknowledge your representations that the Organization believed it was complying with all requests from the previous audit; however, the representations do not address our findings or further substantiate that the gift cards and other expenses appearing personal in nature were in fact used in charitable programs carried on by the Organization. While lists of gift cards were maintained, the Organization has been unable to explain or further justify how certain persons deemed to be poor qualified for the gift cards that they received.

### **Issuing Receipts not in Accordance with the Act**

Pursuant to subsection 118.1(2) 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. These requirements are further explained in Interpretation Bulletin IT-110R3, *Gifts and Official Donation Receipts*.

In your letter you acknowledged using RP0001 on the official donation receipts rather than RR0001 in error. The other missing information on the receipts was discussed in your letter and while the omissions may seem to be trite in your case, the receipts must be uniformly correct and consistent for all charities. It is the Canada Revenue Agency's (CRA) position that the Organization did not adhere to Regulation 3501.

### **Concerns**

Our position remains unchanged with regard to the remaining areas of non-compliance identified in our May 15, 2012, letter. No further information has been provided by the Organization and the representations submitted do not alter our findings. It is our position the Organization gifted to non-qualified donees and failed to meet its annual disbursement quota. For each of these reasons, and for each of these reasons alone, it is the position of the CRA that the Organization's registration should be revoked.

### **Conclusion:**

The Canada Revenue Agency's (CRA) audit has revealed that the Organization is not complying with the requirements set out in the Act. In particular, it was found that the Organization provided a personal benefit to members of the Organization, gifted resources to individuals who were not qualified donees, failed to meet the disbursement quota, failed to maintain proper books and records, and issued receipts for donations otherwise than in accordance with 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 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 May 15, 2012, I wish to advise you that, pursuant to subsections 168(1) and 149.1(2) of the Act, I propose to revoke the registration of the Organization. By virtue of subsection 168(2) of the Act, revocation will be effective on the date of publication of the following notice in the *Canada Gazette*:

*Notice is hereby given, pursuant to paragraphs 168(1)(b), 168(1)(d) and 168(1)(e), and paragraph 149.1(2)(b) 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.*

<b>Business Number</b>	<b>Name</b>
118942598RR0001	Gospel Outreach Winnipeg MB

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:

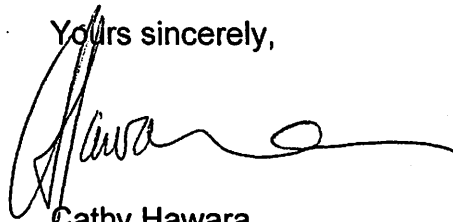
- a) the Organization will no longer be exempt from Part I Tax as a registered charity and **will no longer be permitted to issue official donation**

**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 "A", attached. Form T-2046 and the related Guide RC-4424, *Completing the Tax Return Where Registration of a Charity is Revoked*, are available on our website at [www.cra-arc.gc.ca/charities](http://www.cra-arc.gc.ca/charities);
- c) the Organization will no longer qualify as a charity for purposes of subsection 123(1) of the *Excise Tax Act* (ETA). As a result, the Organization may be subject to obligations and entitlements under the ETA that apply to organizations other than charities. If you have any questions about your GST/HST obligations and entitlements, please call GST/HST Rulings at 1-800-959-8287.

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,



Cathy Hawara  
Director General  
Charities Directorate