



MAY 18 2007

BY REGISTERED MAIL

Holy Spirit Trinity Church of God Ijo Emi
Mimo Ti Olorun Meta Lokan (Alavura)
106 - 135 Neptune Drive
North York, ON M6A 2Y3

Attention: Mr. Samuel Bakare

BN: 87888 5912 RR 0001

**SUBJECT: Notice of Intention to Revoke
Holy Spirit Trinity Church of God Ijo Emi
Mimo Ti Olorun Meta Lokan (Alavura)**

Dear Mr. Bakare:

I am writing further to our letter dated September 15, 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 Holy Spirit Trinity Church of God Ijo Emi Mimo Ti Olorun Meta Lokan (Alavura) (the "Charity") in accordance with subsection 168(1) of the *Income Tax Act* (the "ITA"). As of this date, we still have not received any response to our letter.

Consequently, for each of the reasons mentioned in our letter of September 15, 2006, I wish to advise you that, pursuant to the authority granted to the Minister in subsection 149.1(2) and 149.1(4.1) 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)(c) 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(2) and paragraph 149.1(4.1)(c) of the Income Tax Act and that the revocation of registration is effective on the date of publication of this notice.

Business Number	Name
87888 5912 RR 0001	Holy Spirit Trinity Church of God Ijo Emi Mimo Ti Olorun Meta Lokan (Alavura) 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

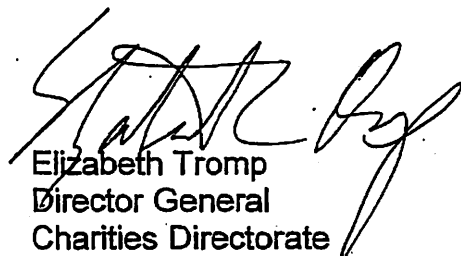
As of the date of revocation of the Charity's registration, which is the date upon which the above-noted Notice is published in the *Canada Gazette*, the Charity will no longer be exempt from Part I Tax as a registered charity and **will no longer be permitted to issue official donation receipts.**

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.

Also, 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. The relevant ETA provisions are also attached in Appendix "B". If you have any questions about your GST/HST obligations and entitlements, please do not hesitate to call the GST/HST Rulings at 1-800-959-8287.

Furthermore, I 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

Attachments

- Our letter dated September 15, 2006;
- Appendix "A", Relevant Provisions of the *Income Tax Act*;
- Appendix "B", Relevant Provisions of the *Excise Tax Act*;
- Form T-2046, *Tax Return Where Registration of a Charity is Revoked*;
- Guide RC-4424, *Completing the Tax Return Where Registration of a Charity is Revoked*.



15 September 2006

**Holy Spirit Trinity Church of God Ijo Emi
Mimo Ti Olorun Meta Lokan (Alavura)**
630 Wilson Avenue,
Toronto, ON M3K 1E1

Your file / Votre référence
878885912RR0001

Our file / Notre référence
3021894

Attention: Mr. Samuel Bakare

Dear Mr. Bakare:

**Re: Audit of Holy Spirit Trinity Church Ijo Emi Mimo Ti Olorun Meta Lokan
(Alavura) of God for the taxation years ending December 31, 2003 and
December 31, 2004**

This letter is further to an audit of the books and records of Holy Spirit Trinity Church of God Ijo Emi Mimo Ti Olorun Meta Lokan (Alavura) (the "Charity" for brevity), which was conducted by the undersigned. The audit related to the operations of the Charity for its calendar years ending December 31, 2003 and December 31, 2004.

The result of this audit indicated that the Charity is in contravention of certain provisions of the Income Tax Act (the "Act"). 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 described in section 168 of the Act.

The balance of this letter describes how Canada Revenue Agency considered that the Charity contravened the Act.

Books and Records

Section 230(2) of the Income Tax Act requires every registered charity to maintain adequate records and books of account at an address in Canada recorded with the Minister. The purpose of this requirement is to enable the charity to accurately provide Canada Revenue Agency (the "Agency") with the information required by the Act as well as enables the Agency to verify the accuracy of reported information through the conducting of audits.

In addition to the retention of copies of the donation receipts that section 230(2) explicitly requires, section 230(4) also states 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 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 relate".

The Charity failed to provide us with the books and records for the taxation year 2003. As a result, we could not verify the amount of revenue reported and expenditures claimed in the Information Return.

For taxation year 2004, the Charity provided us with the bank statements and invoices in support of the expenses incurred. However, the duplicate copies of the Official Donation Receipts (ODRs) and other documents to support the donation revenue reported were not made available to us for review.

The Charity alleged that the copies of the ODRs for the years under audit as well as the books and records for 2003 were lost when the luggage where they were kept went missing. However, the Charity could not offer any proof to substantiate this allegation, which was brought up for the first time by Mr. Bakare, the Charity's representative, during our meeting on February 23, 2006. No police report of the missing documents was provided because the alleged loss was not reported to authorities. Mr. Bakare further stated that all the books and records for 2003 and 2004 were kept together but the Charity was able to provide us with the supporting documents for the expenditures incurred for 2004 though it could only substantiate 88% of the total expenditures.

Although the Charity's bank statements for year 2004 were provide to us, we could not use the said documents to ascertain the completeness of the revenue reported since the Charity was not depositing to its account the donation received. The Charity alleged that the undeposited cash donations were used to pay for their day-to-day expenditures.

Further, review of invoices in support of expenses claimed for 2004 indicated that the invoice dated February 16, 2004 amounting to \$22,040.90 representing purchase of speaker, amplifier, mixer and equalizer from Big Deals Electronics was altered. The Charity altered the invoice by adding items to the original invoice and/or by padding the

amount to show an increase in value other than the real value of the invoice at the time it was issued.

We believe that the original invoice was for an item purchased amounting to \$79.99 plus applicable taxes. The purchase of speakers, amplifier, and mixers and equalizer amounting to \$10,000, \$5,000 and \$6,000 respectively were falsely added to the invoice and/or if the items were actually purchased, the amounts were padded. The amount representing GST and PST were padded as well. As Mr. Bakare failed to return our call, we could not ask him to enlighten us as to who was responsible in altering the invoice in question. However, during our interview, he stated that the day-to-day activities of the Charity including the maintenance of the books and records and issuance of the donation receipts were his responsibilities.

In view of the foregoing, we find that the Charity was in contravention of the provisions of Section 230(2) and 230(4) of the Income Tax Act.

Unreported Donation Revenue

For 2003, the tax-receipted donation revenue reported in the Charity's Information Return (T3010) amounts to \$17,700. Attached to the return was the list containing the name of the donors and the amount donated, the total of which reconciled with the amount reported. However, we ascertained that one ODR amounting to \$15,231 was issued but the said donation was not included in the amount reported.

Based on the Information Return for year 2004, the Charity reported tax-receipted donations amounting to \$14,700. Our audit indicated that the Charity issued three ODRs totalling \$35,745 pertaining to year 2004. Details of these receipts are as follows:

<u>Date Received</u>	<u>ODR #</u>	<u>Amount</u>
2004		\$15,745
2004	053	\$10,000
2004	055	\$10,000

Although the Charity did not provide us the duplicate copies of the ODRs, it is obvious that the total of three ODRs mentioned above were more than the amount reported in the return. As a result, we concluded that the tax-receipted donation revenue reported was understated by at least \$25,745.

Further, because the Charity did not provide us with the records that show the name of the donors, the dates of the donation, the amounts donated, and the appraisal report if the donations were that of property, we were not been able to verify the accuracy of the

amounts reported as tax-receipted revenues on the returns and to ascertain whether the gifts that cause the issuance of ODRs were actually received. As mentioned in our letter dated March 24, 2003, the official donation receipts could only be issued to acknowledge gifts to the Charity.

Under subsection 149.1(2) of the Act, the Minister may revoke the registration of the registered charity in the manner as described at paragraph 168(1)(d) of the Act because the registered charity has issued a receipt for a gift or donation otherwise than in accordance with the Act and the regulations or that contains false information.

Conclusion

For each of the reasons listed above, it appears that there are grounds to revoke the Holy Spirit Trinity Church of God Ijo Emi Mimo Ti Olorun Meta Lokan (Alavura) 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 Income Tax Act provided that it does not qualify as non-profit organization as described in paragraph 149(1)(1) 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, subsection 188(1) of the Act; and
4. the loss of the Charity's status as a charity for purposes of subsection 123(1) of the Excise Tax Act (hereinafter, the ETA), which means that
 - its supplies will no longer be exempt from the Goods and Services Tax/Harmonized Sales Tax (hereinafter, the "GST/HST") under Part V.1 of Schedule V to the ETA;
 - it may, if not currently, have to register for GST/HST purposes under subsection 240(1) of the ETA;
 - it may no longer calculate its net tax for GST/HST purposes using the calculation method set out under subsection 225.1(2) of the ETA;
 - it will no longer qualify for the public service body rebate under subsection 259(3) of the ETA as a charity; and

- it may be subject to obligations and entitlements under the ETA that apply to organizations other than charities.

For your reference, we have attached (Appendix "A"), a copy of the relevant provisions of the Act concerning revocation of registration and the tax applicable to revoked charities as well as appeals against revocation. The relevant ETA provisions are also attached (Appendix "B"). If you have any questions about your GST/HST obligations and entitlements, please call GST/HST Rulings at 1-800-959-8287.

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 the Charity 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 the Holy Spirit Trinity Church of God Ijo Emi Mimo Ti Olorun Meta Lokan (Alavura) 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 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 call the undersigned at the numbers indicated below.

Yours truly,

Fe E. Santiago
Verification and Enforcement Division
Telephone: (416) 410-1482
Fax: (416) 9546015
Address: #1 Front St. West
Toronto ON M5J 2X6

Toll free: 1-800-959-8281 (Individual)
1-800-959-5525 (Business)
Internet: www.cca-adrc.gc.ca

Enclosure:

- Appendix "A", Relevant provisions of the Act
- Appendix "B", Relevant portions of the *Excise Tax Act*