

**Federal Court of Appeal**



**Cour d'appel fédérale**

**Date: 20190624**

**Docket: A-307-16**

**Citation: 2019 FCA 189**

**CORAM: GAUTHIER J.A.  
STRATAS J.A.  
LASKIN J.A.**

**BETWEEN:**

**MANY MANSIONS SPIRITUAL CENTER, INC.**

**Appellant**

**and**

**MINISTER OF NATIONAL REVENUE**

**Respondent**

Heard at Toronto, Ontario, on June 24, 2019.  
Judgment delivered from the Bench at Toronto, Ontario, on June 24, 2019.

**REASONS FOR JUDGMENT OF THE COURT BY:**

**LASKIN J.A.**

Federal Court of Appeal



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**REASONS FOR JUDGMENT OF THE COURT**  
**(Delivered from the Bench at Toronto, Ontario, on June 24, 2019).**

**LASKIN J.A.**

[1] Many Mansions Spiritual Centre, Inc. appeals under paragraph 172(3)(a.1) of the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), from a decision of the Minister of National Revenue to confirm her proposal to revoke Many Mansions' registration as a charity. The Minister's decision followed an audit of Many Mansions' 2011 and 2012 fiscal periods, the issuance of a notice of proposed revocation under subsections 168(1) and 149.1(2), an objection

by Many Mansions under subsection 168(4), and reconsideration of the proposed revocation by the Tax and Charities Appeals Directorate of the Canada Revenue Agency under subsection 165(3).

[2] The Minister's confirmation decision cited several of the grounds for revocation listed in subsection 168(1). She concluded that Many Mansions had ceased to comply with the requirements of the Act by failing to devote all its resources to charitable activities, engaging in activities inconsistent with its registered objects, and providing private benefits to its members (s. 168(1)(b)); had failed to file information returns as required, and had issued a donation receipt that was not at fair market value (s. 168(1)(c) and (d)); and had failed to keep adequate records and books of account (s. 168(1)(e)). These grounds had also appeared in the notice of intention to revoke, which stated that "[f]or all of these reasons, and for each reason alone, it is the position of the CRA that [Many Mansions] no longer meets the requirements necessary for charitable registration and should be revoked": Appeal Book, 12.

[3] Although this proceeding is characterized as an appeal, the Minister's decision is subject to review on administrative law principles. The Minister's conclusions on questions of fact or mixed fact and law, with respect to both whether grounds for revocation are established, and whether revocation is an appropriate sanction, are reviewable for reasonableness: see *Opportunities for the Disabled Foundation v. Canada (National Revenue)*, 2016 FCA 94 at para. 33, 2016 D.T.C. 5043. As a result, they will be upheld unless they are shown not to be justified, transparent and intelligible, or not to fall within a range of possible, acceptable

outcomes defensible in fact and law: *Dunsmuir v. New Brunswick*, 2008 SCC 9 at para. 47, [2008] 1 S.C.R. 190. In a fact-based case like this, the threshold is high.

[4] It is well established that each of the grounds listed in subsection 168(1) can afford a basis for revocation: *Opportunities for the Disabled Foundation* \ at para. 33; *Humane Society of Canada for the Protection of Animals and the Environment v. Canada (National Revenue)*, 2015 FCA 178 at para. 64, 2015 D.T.C. 5091, leave to appeal to S.C.C. refused, [2016] 1 S.C.R. xi. In this case, the record demonstrates that the Minister considered each ground asserted to be independently sufficient to justify revocation: see *Lord's Evangelical Church of Deliverance and Prayer of Toronto v. Canada*, 2004 FCA 397 at para. 18, 2004 D.T.C. 6746. Many Mansions accepts that to succeed on this appeal, it must show unreasonableness on all of the grounds asserted by the Minister.

[5] Though Many Mansions contests all of these grounds, many of its submissions are directed to the Minister's conclusion that it was engaged in activities inconsistent with its registered object of "advanc[ing] and teach[ing] the religious tenets, doctrines, observances and culture associated with the Christian faith": Appeal Book, 1019, 53.

[6] Many Mansions submits that judgments on matters of religious doctrine or theology have no place in government, relying on *Highwood Congregation of Jehovah's Witnesses (Judicial Committee) v. Wall*, 2018 SCC 26, [2018] 1 S.C.R. 750. But while the Supreme Court observed in *Highwood* (at para. 39) that "religious groups are free to determine their own membership and rules," it also recognized that courts may intervene in such matters "where it is necessary to

resolve an underlying legal dispute.” In the case of a charity registered for the purpose of furthering a religious object, it may be necessary to determine the scope of that object and the extent to which the charity’s activities come within it: see, for example, *Fuaran Foundation v. Canada (Customs and Revenue Agency)*, 2004 FCA 181, 2004 D.T.C. 6399. Registration as a charity confers exceptional statutory privileges. Whether an organization is operating within its registered object is relevant to its continued enjoyment of those privileges. We do not agree that by inquiring into these matters the Minister acted unreasonably or exhibited bias.

[7] However, we need not determine whether the Minister’s conclusions in respect of this ground were reasonable. The Minister’s findings on two other grounds – Many Mansions’ inadequate recordkeeping and its provision of private benefits – were reasonable and therefore dispositive of this appeal.

[8] In addressing the ground of inadequate recordkeeping, Many Mansions stresses that, during the audit period, it was in its infancy and run primarily by volunteers, that the deficiencies identified were minor, and that it has since retained professional services to maintain its books and records.

[9] But it was open to the Minister to conclude on the record that these deficiencies were serious. Among other things, documentation of expenditures was lacking. Many Mansions’ books and records also showed inconsistencies in the amounts stated to be due to its pastor; substantiated through receipts only a minor portion of the amount listed as paid to him; failed to document the rent said to be payable for his and his son’s use of offices; and failed to document

a loan from the pastor's late wife. While the auditor acknowledged the "positive step" of Many Mansions' intention to maintain its books and records according to professional standards, he also indicated a concern with Many Mansions' capacity for and commitment to improvement: Appeal Book, 254. The auditor noted in this regard Many Mansions' historical non-compliance, the fact that its responses had been limited and lacking in detail, and its position that its books and records were in fact adequate.

[10] In *Humane Society* (at para. 80), this Court held that a charitable organization's obligation to maintain adequate books and records is "foundational": significant privileges flow from registration, and the Minister "must be able to monitor the continuing entitlement of the charitable organization to those privileges." It was therefore open to the Minister in this case to conclude that Many Mansions' non-compliance was serious and justified revocation, even in light of Many Mansions' status as a new charity and its subsequent improvement efforts: see the discussion in *Jaamiah Al Uloom Al Islamiyyah Ontario v. Canada (National Revenue)*, 2016 FCA 49 at paras. 6-7, 11, 2016 D.T.C. 5027, leave to appeal to S.C.C. refused, [2016] 1 S.C.R. xii.

[11] The Minister's conclusions in respect of the provision of private benefits were also reasonable. The definition of "charitable organization" in subsection 149.1(1) requires a registered charity to devote all its resources to "charitable activities carried on by the organization itself," and precludes it from making any part of its income available for the personal benefit of a member.

[12] The Minister in this case concluded that Many Mansions furnished its pastor with an office and permitted him on three occasions during the audit period to use meeting rooms on Many Mansions' premises in operating a private business. Many Mansions submits on appeal that its pastor's use of the office and meeting rooms was permissible because it was merely ancillary or incidental to the fulfilment of Many Mansions' charitable purposes. While paragraph 149.1(6)(a) permits a charitable organization itself to carry on a related business without contravening the requirement to devote all its resources to charitable activities, the pastor's private business does not come within this exception. Moreover, the CRA had warned Many Mansions when it applied for charitable status that any use of charitable funds for personal benefit would disqualify an organization as a registered charity: Appeal Book, 1069.

[13] Many Mansions submits that the Minister's decision to revoke its charitable status was unreasonable because it was too severe. In our view, the Minister's conclusions on Many Mansions' non-compliance on the grounds of inadequate books and records and private benefits, which were largely factual in nature, were sufficient to permit the Minister to regard this non-compliance as serious or aggravated within the applicable CRA guidelines, and as warranting revocation.

[14] As a result, there is no basis to interfere with the Minister's findings in relation to Many Mansions' inadequate books and records and its provision of private benefits, or her exercise of authority to revoke registration on these grounds. There is therefore no need to consider the other grounds relied on by the Minister. The appeal will accordingly be dismissed. The Minister does not seek costs.

"J.B. Laskin"

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J.A.



**FEDERAL COURT OF APPEAL**

**NAMES OF COUNSEL AND SOLICITORS OF RECORD**

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**STYLE OF CAUSE:** MANY MANSIONS SPIRITUAL  
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**REASONS FOR JUDGMENT OF THE COURT BY:** GAUTHIER J.A.  
STRATAS J.A.  
LASKIN J.A.

**DELIVERED FROM THE BENCH BY:** LASKIN J.A.

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