

REPORT TO THE
DIOCESAN COUNCIL
ON THE STATUS OF THE DIOCESAN ASSESSMENTS
OF THE HOLY CROSS CHURCH OF TORONTO, CANADA

As commissioned by the Diocesan Council, we arrived in Toronto on Wednesday, July 1, 1981. A meeting was held the same evening at the Holy Trinity Church, attended by the pastor, parish council members and diocesan delegates of the Holy Cross Church. The meeting was presided over by The Very Rev. Yeghishe Gizirian.

BACKGROUND INFORMATION

In August 1980, the Holy Cross Church corresponded with Revenue Canada-Taxation Department inquiring about the legality of the payment of Assessments to the Diocese. Revenue Canada responded that according to Canadian law it is illegal to transfer funds from a registered non-profit charitable organization (Holy Cross) to another organization not registered as a charity according to Canadian laws (Diocese). The Diocese, through its legal council, wrote to the Canadian Taxation authorities that the Diocesan Assessments were for membership privileges and other benefits that parishes under the jurisdiction of the Diocese receive, including Holy Cross of Toronto which is assessed a certain amount proportionately. Under the present Canadian laws any transfer of funds from a Canadian charitable institution to a charity outside of Canada must be as payment for "services purchased" at a reasonable cost. Such services must be recognized and accepted by the Canadian charity.

CORRESPONDENCE BETWEEN HOLY CROSS, CANADIAN TAXATION AND DIOCESE

August 21, 1980	Initial Correspondence from Holy Cross to Revenue Canada - Taxation inquiring about the legality of paying assessments.
November 14, 1980	Response from Revenue Canada informing Holy Cross of illegality of paying assessment according to Canadian law.
December 23, 1980	Letter of Holy Cross to the Primate informing of their correspondence with Revenue Canada and the legal status of their assessments. Their findings were also communicated to the other Canadian parishes.
February 2, 1981	Letter of Edward Chapien, Esq. to Revenue Canada, informing the Department that "Diocesan Dues" are in fact for membership privileges and services rendered.
April 1, 1981	Response of Revenue Canada to Edward Chapien, Esq. stating that it would be legal for Holy Cross if they admit that Diocesan Assessments are for services rendered.
April 13, 1981	Letter of Revenue Canada to Holy Cross informing them of the Department's correspondence with Edward Chapien.

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DISCUSSIONS AT THE MEETING

The meeting proceeded under a very friendly, cordial and understanding atmosphere. They responded to some of our questions to eliminate any doubts and misgivings about their motives and goals.

- The initiative to inquire about the legality of paying Diocesan Assessments was due to the knowledge that they had about the legal problems of another Armenian charity in Toronto which could not transfer funds to its U.S. headquarters legally.
- According to Canadian laws every registered charity must file a detailed Annual Financial-Corporate Report with the Taxation Department. The total amount of funds 'donated' from one charity to another must not exceed 50% of the 'donor's' income.
- They responded affirmatively to our question concerning their acceptance and willingness to abide by the Diocesan Assembly's and Diocesan Council's authority to assess dues.
- Despite the fact that they admitted to having some financial problems, they reassured us that they are willing and able to bring their 1980 and 1981 assessments up to date.

LEGAL ALTERNATIVES AVAILABLE TO THE DIOCESE

1. Provide an itemized invoice of services rendered and fees and charges.
2. Register the Diocese in Canada as a Canadian non-profit charity to qualify as a donee.
3. Designate the Ad-Hoc Committee for the formation of the Canadian Diocese as a body representing the Diocese in Canada. This alternative was suggested by the Holy Cross representatives, where they could transfer the assessments for the time being as a sign of good faith. ✓

ASSESSMENT OF THE SITUATION

The Holy Cross representatives were eager to end this conflict as soon as possible to the satisfaction of the Diocesan By-laws and accordance with the Canadian laws. They displayed an urgent concern to be reinstated to their status as a Diocesan Parish with all privileges.

Having openly and honestly discussed the entire situation, it is our impression, as they clearly affirmed, that there was no malintent or rebellion against Diocesan authority intended in their quest.

RECOMMENDATIONS

- To solve this problem expeditiously, the Diocesan Council must adopt either of the first two alternatives and pursue it to its fruitful conclusion. The third alternative is not recommended simply because it gives the Ad-Hoc Committee a status beyond its present responsibilities.
- To abide to the letter of the Canadian laws the same method of collecting Diocesan Assessments should be applied to all the Canadian parishes.
- It is our view that at this time, it would be to the best interest of the Diocese and the Holy Cross Church to re-evaluate the situation at face value and under the light of the legal aspects involved.
- We recommend that as soon as the proper procedures are set into motion, the elections of the Holy Cross Parish Council be ratified and its representative to the Ad-Hoc Committee for the Formation of the Canadian Diocese be reinstated.
- As a consideration to the Diocesan Council and with a view to avoid any future legal problems, we strongly recommend that immediate legal steps be taken to register Holy Etchmiadzin as a Canadian charity.

The Very Rev. Paren Avedikian
The Very Rev. Arshen Aivazian

ADDENDUM

Continuation of CORRESPONDENCE BETWEEN HOLY CROSS, CANADIAN TAXATION AND DIOCESE

- May 27, 1981 Letter of Holy Cross to Primate basically admitting their obligations to the Diocese, however, under the circumstances they would be willing to transfer the funds to the Ad Hoc Committee.
- June 9, 1981 Letter of Primate to Holy Cross informing them of the Diocesan Council's decision regarding their case. They were also advised that the representatives of the Diocesan Council would meet with them in Toronto in an attempt to solve the problem.