



REGISTERED MAIL

MAY 06 2014

Attention: [REDACTED]

BN: 89079 5792 RR0001
File #: 0661421

**Subject: Notice of Intention to Revoke
Vancouver University Colleges Society**

Dear [REDACTED]:

I am writing further to our letter dated November 15, 2013 (copy enclosed), in which you were invited to submit representations as to why the registration of the Vancouver University Colleges Society (the Organization) should not be revoked in accordance with subsection 168(1) of the *Income Tax Act* (the Act).

We have now reviewed and considered the Organization's written response, dated February 10, 2014 and received March 5, 2014. However, notwithstanding the reply, our concerns with respect to the Organization's non-compliance with the requirements of the Act for registration as a charity have not been alleviated. Our position is fully described in Appendix "A" attached.

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 is not constituted for exclusively charitable purposes, did not devote all of its resources to charitable purposes and activities conducted by the Organization itself, conferred personal undue benefits, failed to maintain adequate books and records, and failed to file the T3010 *Registered Charity Information Return* in prescribed form. 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 outlined in our letter dated November 15, 2013, I wish to advise you that, pursuant to subsection 168(1) 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)(c) and 168(1)(e) 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.

Business Number	Name
89079 5792 RR0001	Vancouver University Colleges Society Vancouver BC

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 90 days from the date this letter was mailed. The Organization's registration will be revoked on the date of publication, unless the Canada Revenue Agency receives an objection to this Notice of Intention to Revoke within this timeframe.

A copy of the relevant provisions of the Act concerning revocation of registration, including appeals from a notice of intent to revoke registration can be found in Appendix "B", attached.

Consequences of Revocation

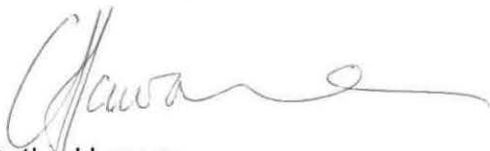
As of the effective date of revocation:

- 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. The relevant provisions of the Act concerning the tax applicable to revoked charities can also be found in Appendix "B". Form T-2046 and the related Guide RC-4424, *Completing the Tax Return Where Registration of a Charity is Revoked*, are available on our Web site at 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*. As a result, the Organization may be subject to obligations and entitlements under the *Excise Tax Act* that apply to organizations other than charities. If you have any questions about your Goods and services tax/harmonized sales tax (GST/HST) obligations and entitlements, please call GST/HST Rulings at 1-888-830-7747 (Quebec) or 1-800-959-8287 (rest of Canada).

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

Attachments:

- CRA letter dated November 15, 2013;
- Your letters dated February 10, 2014;
- Appendix "A", CRA Comments on Representations; and
- Appendix "B", Relevant provisions of the Act

c.c.: Derek Clease, Board Chair



Place de Ville, Tower A
320 Queen Street, 13th Floor
Ottawa ON K1A 0L5



CANADA REVENUE
AGENCY

AGENCE DU REVENU
DU CANADA

November 15, 2013

REGISTERED MAIL

Attention: [REDACTED]

BN: 89079 5792 RR0001
File #: 0661421

Subject: Audit of Vancouver University Colleges Society

Dear [REDACTED]:

This letter is further to the audit of the books and records of Vancouver University Colleges Society (the Organization) conducted by the Canada Revenue Agency (the CRA). The audit related to the operations of the Organization for the period from August 16, 2009 to August 15, 2011. Due to the lack of records provided by the Organization for this specific period, we also relied upon publicly available information and documentation relating to the operations of the Organization prior to and after the audit period.

During our telephone conversation of November 15, 2013 with the Organization's designated representative, the Organization was advised that the CRA has identified specific areas of non-compliance with the provisions of the *Income Tax Act* and/or its *Regulations* and the *Excise Tax Act* in the following areas:

AREAS OF NON-COMPLIANCE:		
	Issue	Reference
1	Failure to meet the requirements for registration a) Organization's purposes b) Inactive status c) Prohibited activities d) Failure to devote resources to its own charitable activities	248(1), 149.1(1) 168(1)(b)
2	Payments to Non-Qualified Donees/Conferring Personal Undue Benefits	149.1(1), 168(1)(b), 188.1(4), 188.1(5),
3	Failure to Maintain Adequate Books and Records	230(2), 168(1)(e), Regulation 200(2)
4	Failure to File T3010, <i>Registered Charity Information Return</i> in Prescribed Form	149.1(14), 168(1)(c)

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 requirements of the Act, failing which the Organization's registered status may be revoked in the manner described in section 168 of the Act.

Background

Dr. Raymond Spencer Rodgers (Dr. Rodgers) founded the Organization and his spouse Lola Tham [REDACTED]

[REDACTED] was involved with the Organization, often holding the position of Board Secretary or Registrar and is currently the Organization's Board Secretary and represented the Organization for the audit at the audit interview. For the purposes of this letter Lola Tham will be referred to as Ms. Tham.

The Organization submitted its initial application for charitable registration under the name New Summits College Society in June 1983. CRA responded and requested copies of the Organization's governing documents bearing the stamp of the Registrar of Companies for B.C. The governing documents submitted to CRA in July 1983 bore the name of New Summits University College Society.

The Organization received its registration as a charitable organization under the advancement of education, with an effective date of July 27, 1983. The name was changed again in April 1992 to Vancouver University Colleges Society.

It's subsequent name change was done against the wishes of [REDACTED], the Minister of Advanced Training and Technology for B.C. at the time whose opinion was that the University Act then in force did not permit the use of the word "University" in a name unless it was one of the public universities in the province.

Operating with "University" in its name and granting degrees as a "University", even though it was not a "University" constituted under the University Act in the province of B.C., was the source of difficulties for the Organization over the years. An injunction was issued by the Supreme Court of British Columbia in May 2007¹ "restraining the defendants (the Organization, Dr. Rodgers [REDACTED]) from granting or conferring a degree or from selling or offering for sale or advertising for sale, a diploma, certificate, document or other material that implies the granting or conferring of a degree in British Columbia". The findings in the Supreme Court of British Columbia involving the Organization are used in our analyses because the Court's findings are based on affidavits submitted to the Court under oath by the Plaintiff, *The Honourable Murray Coell, Minister of Advanced Education* and the Defendants.

¹ 2007 BCSC 583 *Minister of Advanced Education v. Rodgers et al.*

Throughout the years since 1983, the defendants were doing business under a variety of names². Currently, an organization called Worldwide University, located in [REDACTED], reports Ms. Tham as the administrative contact. The website domain for Worldwide University was created January 14, 1999; was last updated September 21, 2012 and expires July 31, 2014³.

Another website, for an organization called Vancouver University Worldwide describes the organization's activities as "External Degrees Program by assembly of multi-sourced credits and examinations". This domain was created December 7, 1998; was last updated December 8, 2012 and expires December 7, 2013⁴. These active websites indicate that the Organization may still be operating, perhaps under another pseudonym or in another country.

The Organization has a long history of non-compliance with the CRA. The filing history for the T3010, *Registered Charity Information Returns* for the 22 fiscal periods ended 1991 to 2012 shows that three years were never filed (1992, 1995, and 2001), 14 years were filed late and only five T3010s in the 22 years were filed on time.

It should also be noted that numerous messages were left on the Organization's voice mail and the Board Chair's voice mail in 2010, 2011, and 2012 to contact the Organization about the audit but calls were never returned. Eventually, in January 2013 contact was made and the audit interview occurred on February 1, 2013.

The lack of information provided during our audit and the twenty known pseudonyms used by the Organization to undertake its activities impacts our ability to determine what the Organization was actually doing, therefore we reviewed information available from years other than the audit period in order to determine what the Organization's activities actually were since it obtained its status as a registered charity and to identify the Organization's current activities.

The information reviewed includes:

- Documentation filed with or provided to CRA;
- Written statements made by Dr. Rodgers;
- Verbal or written statements made by Ms. Tham;
- Statements and evidence recorded from affidavits taken under oath and summarized in the B.C. Supreme Court decision for *Minister of Advanced Education v. Rodgers et al.*, 2007 BCSC 583;

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³ https://net.educause.edu/edudomain/domain_info.asp?Domain=WORLDWIDE UNIVERSITY retrieved August 27, 2013

⁴ <http://cqcounter.com/site/vancouveruniversity.edu.html> Retrieved September 11, 2013

- B.C. Land Title filings; and,
- On-line research.

1. Failure to meet the requirements for registration

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 thereof⁵.

As the term “charitable” is not defined in the Act, whether or not an organization qualifies as such is determined by reference to the common law; that is court decisions. The courts have recognized four general categories of charitable purposes:

- (1) the relief of poverty;
- (2) the advancement of education;
- (3) the advancement of religion; and
- (4) other purposes beneficial to the community as a whole (or a sufficient section thereof) in a way that the law regards as charitable.

The question of whether an organization is constituted exclusively for charitable purposes cannot be determined solely by reference to its stated purposes and intended activities. Our review and assessment must also take into account the activities that the Organization engaged in, is currently engaged in or plans to be engaged in.

After reviewing available documentation about the Organization’s actual and proposed activities and conferring with the Board Secretary, the Organization’s authorized representative and the Organization’s listed Chairman of the Board, serious concerns were identified with regard to the former and current activities being undertaken by the Organization, as well as with the Organization’s books and records. The balance of this letter describes these concerns and the identified areas of non-compliance in further detail.

a. Organization’s Purposes

An organization with a mixture of charitable and non-charitable purposes and/or activities will not qualify for registration. The Organization’s original approved purposes, dated July 27, 1983, are:

- (a) To establish and maintain in the Province of British Columbia a college in which instruction shall be offered which includes university work and other courses normally required for completion of secondary school or admission to a university or college;
- (b) To provide scholarships, bursaries and other grants of like nature to assist students in furthering their education;

⁵ *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) To solicit, accept and receive by way of transfer, gift, subscription, bequest, legacy or otherwise, any money, property or anything of value whatsoever either on endowment or to meet the general expenses of the Society.

The Organization added a purpose (d) after our February 2013 audit field visit and interview. The additional purpose (d) dated June 27, 2013 is:

- (d) To promote peace education locally and worldwide through Montessori pedagogy, theology and ethics, environment (Biodiversity, etc.), recreation and cultural acceptance.

It is our view that the new purpose is broad and vague in its wording and is not considered to be charitable at law. Therefore the Organization is not constituted for exclusively charitable purposes. We also have concerns with how this new purpose came to be added.

The amendment to the Constitution is signed by the Board Chair and Ms. Tham and was registered with the Province of British Columbia on June 27, 2013. The Board Chair stated in a telephone conversation with CRA on September 10, 2013 that he had never attended any meetings of the Organization or reviewed financial records or correspondence in depth; did not know any of the other Board members; thought the "Chair" was an honorary position; and only signed documents when Ms. Tham shows up unannounced at his [REDACTED] and presents documents for his signature. When queried, Ms. Tham assured the Chair that the papers were okay, that they are from the accountant.

A document titled "Minutes of Meeting", dated April 1, 2013 states:

"In Accordance with the [Organization] past work in peace education involving Montessori pedagogy, environment since Globe 90, recreation in the 90's, technology and ethics, social and cultural charitable activities since its establishment in 1983, the Board agreed and adopted a Special Resolution to add the [Organization's] Purpose in its Constitution ...: " (The new purpose is noted above).

This record of the meeting at which the additional purpose was approved does not:

- i. detail that it was a meeting of the members of the Board of Directors of the Organization;
- ii. provide any indication of which Board members were present at the meeting;
- iii. indicate which Board members voted for the amendment; and,
- iv. include any regular meeting agenda items such as approval of agenda, approval of minutes, motions/secondments.

Although CRA does not administer the B.C. Society Act, we note that the Organization's By-laws Article III 5 (a) and (b) state:

"Article III 5. (a)....A majority of the Governors shall form a quorum for the transaction of business.

5. (b) A resolution in writing signed by all the Governors personally shall be valid and effectual as if it had been passed at a meeting of the Governors duly called and constituted".

It appears that this amendment to the Constitution was not passed according to the Organization's By-Laws as a majority of Governors in 2013 would be 9 Governors⁶ and the resolution is not signed by all the Governors personally.

b. Inactive status

It is our view the Act requires a registered charity to be active in order to be meeting the requirements for which it obtained registration. It is our opinion that based on the interpretation of a combination of wording used in particular provisions of the Act, the Minister of National Revenue has the authority to grant registered status to those entities that are active and the discretion to revoke those that are inactive.

It was stated during our audit interview that the Organization was not active since [REDACTED] 2007. The audit also reveals that:

- The Organization itself has not reported any financial activity on its T3010 since 1992 with the exception of \$100 revenue and expenses reported in 2000 and 2004, although the T3010 indicates the Organization is active;,
- The Organization did not hold an annual board meeting⁷;
- The Organization did not maintain a college in which instruction was offered;
- No students received instruction or scholarships, bursaries and other grants of like nature to assist them in furthering their education; and,
- The Organization did not receive a gift to achieve its first two purposes and no donation receipts were reportedly issued by the Organization.

Furthermore, at our audit interview Ms. Tham provided written activity reports for the 2008 to 2012 fiscal years. These written reports were not congruent with the verbal statements made during our audit interview that the Organization has been inactive since 2007. A description of activities and our identified areas of non-compliance are explained in further detail in Appendix A attached. Additionally, the following written activities do not support the Organization's approved purpose under the advancement of education:

- Pursuing collaboration in Montessori education and theology programs both locally and internationally;
- Locating Dr. Rodger's personal archives to the University of Southern Louisiana;
- Pursuing activity aimed at saving the environment or explores the possibility of buying a tiny island for conservation of biodiversity; or
- Donating books.

⁶ 17 board members are listed in the 2012 T3010, *Registered Charity Information Return*

⁷ The auditor contacted two directors, one said "they were unaware they are listed as being on the Board" and the other said "it was just an honorary position". Neither had ever attended meetings nor reviewed any financial statements or Board or Organization correspondence.

c. Prohibited activities

In addition to the activities undertaken, an organization must continue to meet all registration requirements in order to retain their registered status. These requirements include not being involved in prohibited or illegal activities. Activities that are illegal in Canada or contrary to Canadian public policy are prohibited and can lead to the loss of an organization's charitable registration.

It was determined during the Supreme Court of British Columbia proceedings in 2007 that the defendants (the Organization, Dr. Rodgers [REDACTED] [REDACTED] charged \$500, \$1,000 and \$2,000 for a certificate, diploma or degree, respectively. The Court case occurred because the plaintiff was of the opinion that the defendants were in breach of the *British Columbia University Act* and *Degree Authorization Act* and sought an injunction for the defendants to cease issuing and conferring degrees and to cease advertising its certificates/diplomas/degrees as being available for a fee. The plaintiff won the case and the defendants were ordered to cease issuing degrees and to cease advertising degrees for a fee on May 1, 2007.

This British Columbia Supreme Court case summary confirms that the Organization was operating contrary to British Columbia law since its incorporation and was therefore involved in activities contrary to British Columbia law and public policy and therefore does not meet the requirements for continued registration.

d. Failure to Devote Resources to Its own Charitable Activities

The Act allows a charity to operate in only two ways: by carrying out its own charitable activities or by making gifts to qualified donees⁸. A charity is required to devote all its resources to charitable activities carried on by the organization itself.

A charity's resources include all physical, financial, and material resources, intellectual property, and its staff. If a charity does not direct and control the use of its resources as required, it risks sanctions under the Act. This includes financial penalties and revocation of its status as a registered charity.

A charity cannot transfer any kind of property if it knows, or ought to know, that the property will be used either for non-charitable purposes or to circumvent the provisions of the Act. If a charity intends to build or buy capital property in partnership with an intermediary, the charity must retain ownership of its share of this property.

Three decisions⁹ concerning charities using intermediaries to carry out their activities were confirmed by the Federal Court of Appeal. The Federal Court of Appeal's decisions confirm that a charity working with an intermediary must control the activities carried out on its behalf and must maintain direction and control over the use of its resources.

⁸ A qualified donee is an organization that can issue official donation receipts for gifts it receives from individuals and corporations. It can also receive gifts from registered charities.

⁹ The Canadian Committee for the Tel Aviv Foundation v. Canada (2002 FCA 72), Canadian Magen David Adom for Israel v. Canada (Minister of National Revenue) (2002 FCA 323), Bayit Lepletot v. Canada (Minister of National Revenue) (2006 FCA 128)

The audit revealed that [REDACTED] (the Corporation) is not at arm's-length with the Organization and the Corporation is not a qualified donee for purposes of the Act. Dr. Rodgers was [REDACTED] the President of the Organization until [REDACTED] June 2007. Ms. Tham then assumed the responsibilities for both organizations.

It was stated during the audit interview and during a telephone conversation on September 10, 2013 with Ms. Tham that the Organization "delivered the programs" and the Corporation "granted the degrees" – that they "existed together".

Dr. Rodgers described the relationship between the two entities in a letter to CRA dated August 7, 1983:

"We have also established New Summits College Corporation under the Companies Act for the purpose of printing the College's diplomas. By an anomaly in the legislation, a provision of the Societies Act forbids a Society from issuing "diplomas"¹⁰. Accordingly, counsel have [sic] advised the establishment of the Corporation to accomplish this end".

In another letter from Dr. Rodgers to CRA dated February 25, 1993:

"The initial corporate entities of the charity were New Summits University College Society (now Vancouver University Colleges Society) and [REDACTED] Corporation [REDACTED] incorporated in 1983.

The corporation was registered for legal purpose only, pursuant to s.15 of the BC Society Act¹¹ and the charity's pension plan.

The society conducts the financial account of the charity. It further provides a consortium mechanism for various educationally – oriented programs, in Canada and elsewhere, some of which became members of the society subsequent to 1983."

Given that the activities of the two entities were/are controlled by the same person(s) and it is known that the activities of the Organization and the Corporation are co-mingled, it is necessary to discuss the Corporation in the review of this Organization.

During the audit interview it was explained that the Organization allowed the Corporation to transact business on its behalf. A written statement from Ms. Tham, dated July 31, 2013, states that payments paid out of the Corporation/Vancouver University Colleges bank account are "College expenses". The bank accounts for the Corporation/Vancouver University Colleges were closed and re-opened under new numbers with Ms. Tham as the new director, on April 2, 2008. The signature card allows cheques to be signed with Ms. Tham's sole signature.

¹⁰ Auditor note: No reference in the B.C. *Society Act* to "diplomas" or "degrees" was located.

¹¹ Auditor note: Review of s.15 of the *Society Act* that was in place at the time of registration in 1983 refers to books and records and has no bearing on what type of entity must hold pension funds. S. 15 was repealed in 2004.

Copies of bank statements for three accounts were obtained for the period of April 2008 to 2009. The accounts are in the names of:

1. [REDACTED] Corporation – Student Fees–Trust Account;
2. [REDACTED] Corporation (operating account);
3. [REDACTED] Corporation, (U.S. Dollar account).

The Trust account had an opening balance of \$96,979 in April 2008. This account apparently holds student fees in Trust and transferred \$32,384; \$46,080; and \$9,700 in 2008, 2009 and 2010, respectively, to the Corporation's operating account.

[REDACTED] The Organization itself has not reported any financial activity on its T3010 since before 2000 with the exception of \$100 revenue and expenses reported in 2000 and 2004, although it indicates that it is still active on the T3010. This means that any business the Corporation transacted on behalf of this Organization appears to be underreported [REDACTED].

In a letter from Dr. Rodgers to the Premier of B.C. in February 2004¹², Dr. Rodgers states:

"We have more than 3,820 students in our current programs and they are severely endangered by the allegations of your Ministry of Advanced Education –suggesting that our three decades of degree programs have been (illegible). Please deal with this problem".

As stated, it was determined during the Supreme Court proceedings in 2007¹³ that the Organization charged \$500, \$1,000 and \$2,000 for a certificate, diploma or degree, respectively. Therefore we deduce that the Organization engaged in significant un-reported financial activity. Using an "average" calculation of \$1,000 per student, this statement by Dr. Rodgers could indicate \$382,000 of un-reported revenue in 2004. This indicates a potential material omission, given that neither the Corporation nor the Organization reported any revenue in this time period (other than \$100 on the T3010).

Analysis of the bank statements and cancelled cheques show that from February 2006 to December 2009, \$172,392 was paid to Ms. Tham directly or for expenses paid in her name.

It is our finding that the affairs of the Corporation and the Organization are co-mingled and no legal document or business agreement was provided or located to clarify this issue. We consider the funds set aside in the Corporation's bank to belong to the Organization and that the funds were not used to accomplish charitable activities but were in fact used for the personal benefit of the director of the Organization.

In summary, it is our view that:

- The Organization's purposes are not exclusively charitable;

¹² Para 31 of 2007 BCSC 583 *Minister of Advanced Education v. Rodgers et al.*

¹³ Para 6 of 2007 BCSC 583 *Minister of Advanced Education v. Rodgers et al*

- No charitable activity has been conducted since 2007;
- Activities purportedly conducted in the past were prohibited by the *British Columbia University Act* and the *Authorization Act*; and finally,
- The Organization failed to devote resources to its own activities.

As such, the Organization has failed to demonstrate it meets the test for continued registration under subsection 149.1(1) of the Act as a charitable organization that operates exclusively for charitable purposes. Under paragraph 168(1)(b) of the Act, the Minister may, by registered mail, give notice to the charity that she proposes to revoke its registration because it fails to comply with the requirements of this Act for its registration as such. For this reason alone there are grounds for revocation of the Organization's registered status.

2. Payments to Non-qualified Donees/Conferring Personal Undue Benefits

The Organization is registered as a charitable organization. In order to satisfy the definition of a "charitable organization" pursuant to subsection 149.1(1) of the Act, "charitable organization" is defined as, "an organization... no part of the income of which is payable to, or otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settler". In order to meet this requirement, a charity may use its resources (funds, personnel and/or property) in only two ways, both inside and outside of Canada: for charitable activities undertaken by the charity itself under its continued supervision, direction and control, and for gifting to "qualified donees" as defined in the Act.

Private benefit that occurs during the normal operations of a charity undertaking activities in furtherance of its charitable purpose, such as salaries, fees for services and office expenses, are acceptable provided they:

- arise directly through the pursuit of the charity's purposes or are incidental and ancillary to the achievement of those purposes;
- are unavoidable and necessary to the achievement of the charity's purposes (e.g., as in the case of programs pursued by community economic development organization); and
- are reasonable or not disproportionate compared to the public benefit achieved in all circumstances¹⁴.

A charity that delivers an undue benefit to a person or persons associated with it is not utilizing its resources exclusively for charitable purposes, and may be liable to a penalty under the Act¹⁵, or have its registered status revoked.

As we mentioned previously, we consider the funds that were set aside in the corporation's bank belong to the Organization.

¹⁴ Refer to *Incorporated Council of Law Reporting for England and Wales v. Attorney General and Others* [1972] Ch 73 [1971] 3 All E.R. 1029 at 1035 c and f. As Rowlatt J. observed: "(...) the question which emerges in all these cases is: Is there so much personal benefit (...) as to be incapable of being disregarded? (...) It is a question of degree and a question of fact", (*The Midland Counties Institution of Engineers v. I.R.C.* (1928) 14 T.C. 285 (C.A.) 293).

¹⁵ As defined at subsection 188.1(4) Undue benefits

As stated previously, the Corporation's bank statements and cancelled cheques show that from February 2006 to December 2009, \$172,392 was paid to Ms. Tham directly or for expenses paid in her name. These include:

- a. \$14,652 for strata fees for the Organization's address [REDACTED] 550 Beatty St. in Vancouver (owned by Ms. Tham);
- b. \$7,627 to GMAC for car payments for a car owned by Ms. Tham;
- c. \$42,239 on 5 various Visa credit cards in Ms. Tham's or [REDACTED] name; and,
- d. \$107,874 in other disbursements in Ms. Tham's or [REDACTED] name.

In addition, the audit revealed that in January 1993, the Organization transferred its half interest in the Organization's office located [REDACTED] 550 Beatty St. in Vancouver, BC to the Corporation. This transfer occurred in the period of time when, in the words of Dr. Rodgers, in a letter to CRA dated December 21, 1994,

"Vancouver University Colleges Society collapsed into virtual insolvency in the years following Ottawa's post-Tiananmen Square¹⁶ decision to allow Chinese students to abandon classes and take employment".

It was also in the period of time students registered judgements in Small Claims Court on the jointly held land title¹⁷.

Dr. Rodger's letter goes on to say that

"The [Organization] per se has no assets or financial transactions to report for the two periods ending 15/08/93 and 15/08/94, as attested by signature of two governors".

Land title documents show that the transfer of half interest in the property occurred in the 1993 fiscal period. The property was valued at more than \$159,500 at the time of the transfer and therefore this disposition of an Organization asset should be reported.

The audit also revealed that once the title to the property was transferred to the name of the Corporation ([REDACTED]), the Corporation then transferred title to the property to Dr. Rodgers and Lola Tham Rodgers as joint tenants in December 2001 for "\$1 and other good and valuable consideration". The property's market value at the time was reported to be \$226,000. The property is still in Ms. Tham's name.

These transactions are problematic as the result is that the Organization disposed of its assets to a non-arm's length party (the Corporation) thereby allowing its founder, President, President's spouse and Board Secretary to personally benefit from the Organization's resources. These findings demonstrate that the Organization conferred undue personal benefits on Dr. Rodgers and Ms. Tham through the Corporation.

¹⁶ Tiananmen Square occurred in spring of 1989

¹⁷ In July 1990 and April 1991 judgements were placed on the land title for Beatty St. property which was owned 50/50 by the Organization and the Corporation

Pursuant to subsection 188.1(4) of the Act, a registered charity that confers on a person an undue benefit is liable to a penalty equal to 105% of the amount of the benefit, increasing to 110% in the case of a second penalty within a five year period. The definition of "undue benefit" pursuant to subsection 188.1(5) of the Act, is defined as:

"an undue benefit conferred on a person by a registered charity includes a disbursement by way of gift or the amount of any part of the income, rights, property or resources of the charity that is paid, payable, assigned or otherwise made for, the personal benefit of any proprietor, member, shareholder, trustee or settler of the charity or association..."

We do not believe the application of a sanction is an appropriate alternative due to the seriousness of the non-compliance issues discussed in this letter. Under the circumstances we consider the revocation of the Organization's registered status to be the appropriate course of action.

Our view is that the Organization has failed to demonstrate it meets the test for continued registration under subsection 149.1(1) of the Act as a charitable organization that operated exclusively for charitable purpose. The Organization did not devote all its resources to charitable activity by transferring its half interest in the Organization's property to the Corporation and by using its resources to pay personal expenditures benefitting the director of the Organization. Under paragraph 168(1)(b) of the Act, the Minister may, by registered mail, give notice to the charity that she proposes to revoke its registration because it fails to comply with the requirements of this Act for its Registration as such. For this reason alone there are grounds for revocation of the Organization's registered status.

3. Failure to Maintain Adequate Books and Records

Pursuant to subsection 230(2) of the Act, every registered charity shall keep records and books of account at an address in Canada recorded with the Minister or designated by the Minister containing:

- (a) Information in such form as will enable the Minister to determine whether there are any grounds for revocation of its registration under this Act;
- (b) A duplicate of each receipt containing prescribed information for a donation received by it; and
- (c) Other information in such form as will enable the Minister to verify the donations to it for which a deduction or tax credit is available under this Act.

In addition, subsection 230(4) also states "every person required by this section to keep records and 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 a period as is 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 end of the last taxation year to which the records and books of account relate.”

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:

- i. it is the responsibility of the registered charity to prove that its charitable status should not be revokedⁱ;
- ii. a registered charity must maintain, and make available to the CRA *at the time of an audit*, meaningful books and records, regardless of its size or resources. It is not sufficient to supply the required documentation and records subsequent theretoⁱⁱ; and
- iii. the failure to maintain proper books, records and records of account in accordance with the requirements of the Act is itself sufficient reason to revoke an organization's charitable statusⁱⁱⁱ.

Overall, our audit revealed that the conflicting information given either verbally, in writing, or located in the books and records calls into question the integrity of the Organization's books and records and overall record keeping. To review, the audit has identified that:

- i. It was stated no books and records exist; however, bank statements were obtained during the audit for an account that was acknowledged by the Director as recording the “College expenses”;
- ii. It was stated that the Organization was not active [REDACTED] in 2007; however, the activity in the bank accounts do not support that statement;
- iii. Material dispositions of Organization's assets were not reported in 1993;
- iv. Material amounts of revenue appear not to be reported, as per the Organization's bank account;
- v. The Corporation transacts business on behalf of the Organization and neither entity reports the activity;
- vi. The Organization operated under numerous pseudonyms;
- vii. The Organizational structure makes it difficult to clearly identify which entity is involved in what activity;
- viii. No donation receipts were reportedly issued and no sample donation receipt was available;
- ix. The T3010, *Registered Charity Information Returns* are not completed correctly; and
- x. The books and records, organizational structure and methods of operation appear to be set-up for the benefit of Dr. Rodgers [REDACTED] and/or Ms. Tham.

Furthermore, our audit revealed:

- a) Seventeen directors are listed on the 2011 T010 and six have Canadian addresses – one of the six is Ms. Tham. Registered letters sent to notify the other five Canadian

directors about the audit resulted in one letter returned as "moved", one returned as "unclaimed" and one returned as "return to sender".

The remaining two directors contacted the auditor. One said they were unaware they are listed as being on the Board and the other thought it was just an honorary position. Neither had ever attended meetings or reviewed any financial statements, Board or Organization correspondence. As discussed previously, a Board Chair thought it was an honorary position and signed documents when Ms. Tham would show up unannounced [REDACTED] and present documents for his signature. Ms. Tham would assure him that the papers were okay, that the accountant had looked at them.

b) As detailed above, it appears that the amendment to the Constitution was not approved according to the Organization's By-Laws and with oversight by an active Board.

It is our view that the Organization's books and records are not sufficient to support the Organization's actual activities or to demonstrate that the Organization is involved in charitable activities. Also, given the inconsistencies noted with the Board, it does not appear the Organization has a Board that is active or responsible for establishing and maintaining an adequate internal control structure that minimizes the risks associated with any misstatement in the financial reporting of the organization, safeguards the organization's assets, and prevents or detects error and fraud. Therefore it is determined that the Organization failed to maintain adequate books and records as required under subsection 230(2) of the Act. Under paragraph 168(1)(e) of the Act, the Minister may, by registered mail, give notice to the charity that she proposes to revoke its registration because it fails to comply with or contravenes any sections 230 to 231.5 of this Act. For this reason alone there are grounds for revocation of the Organization's registered status.

4. Failure to File T3010, *Registered Charity Information Return* in Prescribed Form

Subsection 149.1(14) of the Act says that every registered charity shall, within six months from the end of each taxation year of the charity, file with the Minister both an information return and a public information return for the year, each in prescribed form and containing prescribed information, without notice or demand therefore.

It is the responsibility of the Organization to ensure that the information provided in its return, schedules and statements is factual and complete in every respect. A charity is not meeting its requirements to file an Information Return in prescribed form if it fails to exercise due care with respect to ensuring the accuracy thereof.

Our audit revealed that the Organization made the following errors or omissions on the 2010 and 2011 T3010s:

- The statement that the disbursements from the Corporation's bank account are the College expenses indicates that the T3010 for the fiscal years ended 2010 and 2011 are not completed properly as no expenses are reported in either year.
- Regarding the physical address and books and records address, the Organization indicated "Lobby Box 2." The complete physical address of the charity should be reported for the physical address.

- Regarding the Directors/Trustees information, the Organization provided inaccurate and/or incomplete address information and did not provide, as required, the telephone numbers and dates of birth for all of the directors.

It is our position that the Organization has failed to comply with and has contravened subsection 149.1(2) of the Act. Under paragraph 168(1)(c) of the Act, the Minister may, by registered mail, give notice to the charity that she proposes to revoke its registration because it fails to file an information return as and when required under the Act or a Regulation. For this reason alone there are grounds for revocation of the Organization's registered status.

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 require further information, clarification or assistance, I may be reached at (250) 363-0518 or by facsimile at (250) 363-3000.

Yours sincerely,


Terri Letchford, CMA
Audit Division
Vancouver Island Tax Services Office

cc: Dr. Derek Clease, Board Chair

Tel : (250) 363-0518
Fax : (250) 363-3000
Vancouver Island Tax Services
c/o 9755 King George Boulevard
Surrey B.C. V3T 5E1

Tel : (250) 363-0518
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Services fiscaux de l'Île de Vancouver
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ENDNOTES

ⁱ *The Canadian Committee for the Tel Aviv Foundation vs. Her Majesty the Queen*, 2002 FCA 72 (FCA)

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

ⁱⁱⁱ *(College Rabbinique de Montreal Oir Hachaim D'Tash v. Canada (Minister of the Customs and Revenue Agency)*, (2004) FCA 101; *ITA* section 168(1)

APPENDIX A - ANALYSIS OF ACTIVITY REPORTS 2008 TO 2012 AND ANALYSIS OF PROPOSED ACTIVITIES

Written activities reports were provided by Ms. Tham for the 2008 to 2012 fiscal years at the audit interview.

2008 report states:

"Vancouver University Colleges Society is a consortium in which each collaborating entity maintains its own financial records. In this framework, member colleges, board members and other volunteers provide direct or seconded services without charge to the consortium society. It is estimated that the monetary value of all these services globally may be in the \$150,000 range per annum. We have not in 2007-2008 however, issued any receipts for charitable donations per se.

Included in this assistance has been, in British Columbia, live-work office space use and other facilitations including the volunteer time of the chairman, vice-chair, secretary and others.

Donated (without issuance of tax receipt) pro forma	\$100
Expended on this registration and other postage	<u>\$100</u>
	\$0

Signed by two or more Board members".

CRA Audit analysis of 2008 report:

- i. This written report is not congruent with the verbal statement made during the audit interview in which it was stated that the Organization was not active since [REDACTED] 2007.
- ii. The form is signed by Ms. Tham only.
- iii. It is not clear what the statement "We have not in 2007-2008 however, issued any receipts for charitable donations per se". It is not known from this statement if the Organization did or did not issue official donation receipts.
- iv. \$100 revenue and \$100 expense is reported in this report; however, these amounts are not reported on the 2008 T3010.

2009 activity report states:

"VUC continues to be a resource centre for Montessori education at Beatty premises and online.

VUC pursued Christian organizations to collaborate in theology programs in comparative theology and internships.

██████████ Dr. Raymond Spencer Rodgers, VUC located his archives at Louisiana – University of Southern Louisiana. Ms. Tham met with ██████████ a recipient of VU scholarship at Lafayette, Louisiana. Columbia University, New York invited us to join their prestigious alumni club ██████████".

CRA Audit analysis of 2009 activity report:

- i. This written report is not congruent with the verbal statement made during the audit interview in which it was stated that the Organization was not active since ██████████ 2007.
- ii. Continuing to be a resource centre for Montessori education at Beatty premises and online does not support the Organization's approved purpose.
- iii. Pursuing Christian organizations to collaborate in theology programs in comparative theology and internships could be in support of the Organization's approved purpose, but there are not enough details provided in order to determine if this activity is charitable.
- iv. Transferring Dr. Rodger's personal archives to the University of Southern Louisiana is not a charitable activity and does not support the Organization's approved purpose.

2010 activity report states:

"VUCS continued to pursue collaboration in Montessori education and theology options.

VUCS renewed our interest in environment issues as in the 90's. In 2010, United Nations declared 2010 as the year for biodiversity for ecological reasons. We endorsed biodiversity globally. We advocated to some private sectors and affluent individuals in buying tiny or small uninhabited islands near the Arctic, Northern Quebec, etc to conserve/protect biodiversity or prevent/minimize dead zones in oceans. One Board member suggested that VUCS explored the feasibility of buying a tiny island for conservation of biodiversity near the Arctic for \$10,000. There were none available at that price!"

CRA Audit analysis of 2010 activity report:

- i. This written report is not congruent with the verbal statement made during the audit interview in which it was stated that the Organization was not active since ██████████ 2007.

- ii. Pursuing collaboration in Montessori education and theology options does not support the Organization's approved purpose.
- iii. Activity aimed at saving the environment is not congruent with the Organization's approved purpose under the advancement of education.
- iv. Purchasing arctic islands for conservation of biodiversity is not congruent with the Organization's approved purpose under the advancement of education.

2011 activity report states:

"VUCS continues to explore opportunities for Montessori education and theology program both locally and internationally.

VUCS donated some children books to Burmese children, advocated gardening for young children as a biodiversity project, etc.

VUCS continued to be a resource centre for Montessori education and theology. We welcome parents and children of homeschooling to use our resource centre. Also, VUCS encouraged church interns and scholars to use the facility as a theology resource centre.

Meanwhile, [REDACTED] agreed to collaborate with us on Montessori education. We will be supplying them with our Montessori didactic materials and guiding their staff. We look forward to this collaboration".

CRA Audit analysis of 2011 activity report:

- i. This written report is not congruent with the verbal statement made during the audit interview in which it was stated that the Organization was not active since [REDACTED] 2007.
- ii. "Exploring Montessori education and theology programs both locally and internationally" is not a charitable activity.
- iii. Donating books to Burmese children is not an activity that supports the Organization's approved purpose.
- iv. Being a resource centre for Montessori education and theology is not an activity that supports the Organization's approved purpose.
- v. Supplying [REDACTED] with the Organization's Montessori didactic materials and guiding their staff equates to gifting its resources to a non-qualified donee. [REDACTED] is not a qualified donee per Canadian charity law; therefore the Organization cannot gift

its resources to [REDACTED] Gifting the Organization's resources to a non-qualified donee contravenes Canadian charity law.

2012 activity report states:

"The [Organization] purposes are:

1. To establish and maintain in British Columbia a college in which instruction shall be offered which includes university work and other courses normally required for completion of secondary school or admission to a university or college:

VUCS offer educational services to private and non-government organizations (NGO) worldwide and in Canada. Our educational work included but not limited to establishing a Montessori/Early Childhood Education program/centre [REDACTED] [REDACTED] In collaborating with the Vancouver School Board, VUCS is proud to have trained the first group of Montessori Elementary teachers in [REDACTED] [REDACTED] As a post-secondary non-profit institution, we offered programs in Montessori/Early Childhood Education, English as Second Language (ESL), College/University programs and so on.

[REDACTED]

2. To provide scholarships, bursaries and other grants of like nature to assist students in furthering their education;

Vancouver University have provided scholarships, bursaries and other grants of like nature to assist students in furthering their education since its incorporation in 1982 in programs like Montessori/Early Childhood Education, English as Second Language, College/University, etc.

Our scholarships include scholarships in the honor of Rodgers, [REDACTED]. Recipients included [REDACTED] (USA), Chinese studying ESL, ECE/Montessori students and others".

CRA Audit analysis of 2012 activity report:

- i. This written report is not congruent with the verbal statement made during the audit interview in which it was stated that the Organization was not active since [REDACTED] 2007.

- ii. This written report is not congruent with the following description of activities reported on the 2012 T3010, *Registered Charity Information Return*. The T3010, as filed, states:

"VUCS is an international organization, in the sense that its members are located globally and its vision and mission internationally. Our society functions as a promise, a mission and exists awaiting for a major donor to make possible our mission and vision – establishing a consortium university – promoting theology peace education such services particularly to third world countries. VUCS continues to explore networking opportunities globally for peace and theology education etc. VUCS provides scholarships bursaries and other grants of like nature to assist students, scholars in furthering education, internship, organizations, etc."

- iii. It appears that the 2012 written report details the Organization's past activities.
- iv. We were told during the audit interview that there is no bank account and no assets so it is unknown from what funds the reported scholarships and bursaries would be granted from in 2012.
- v. [REDACTED]

Proposed Activity Analysis of information

A letter dated January 27, 2013 from [REDACTED] was presented at the audit interview on February 1, 2013. The following statement was made in this letter;

"Over the past two years Ms. Tham and I have been discussing the benefits of Montessori and how we might incorporate some of these practices into the [REDACTED] curriculum.....As a non-profit childcare and early learning centre, [REDACTED] depends on generous gifts and donations to enhance our classroom materials. We are eager to receive the materials and the expertise that Lola and VUC Society can provide".

CRA Audit analysis:

- i. [REDACTED] is not a qualified donee per Canadian charity law; therefore the Organization cannot gift its resources to [REDACTED]. Gifting the Organization's resources to a non-qualified donee contravenes Canadian charity law.

Analysis of proposed activities provided July 19, 2013

- a) A letter supplied with the new purpose d) submitted to the auditor in July 2013 states that:

"Vancouver University Colleges Society (VUCS), in collaboration with our affiliate [REDACTED] is promoting Biodiversity on Earth – Children in communities in the Lower Mainland, British Columbia, Canada. Please view our modest website – modify regularly for new blogs, suggestions and new events, etc. – www.biodiversityfor earth. Wordpress.com".

CRA Audit analysis:

- i. Our audit analysis shows that an incorporated entity [REDACTED] was created in February 1998 but remained inactive or "on the shelf" [REDACTED] until [REDACTED] took it over in September 2011. [REDACTED] has no reported owner but maintains its address at 548 Beatty St. in Vancouver, an address that has been used as a contact address for the Organization or Dr. Rodgers and/or Ms. Tham over the years. These findings indicate that [REDACTED] could be another non-arm's length entity involved with the Organization.
- ii. Review of the cited website shows that it was developed after the audit interview in February 2013 and states that "[REDACTED] (established in 1998) is a non- profit educational organization". The reference to being "established in 1998" is an example of a common reason why shelf corporations are used – they provide the appearance of corporate longevity that doesn't actually exist.
- iii. The website goes on to say that "VUCS (established in 1983) has non-profit charitable status. [REDACTED] VUCS mission is to promote peace education locally and worldwide through environment – biodiversity, Montessori pedagogy, theology and ethics, recreation and cultural acceptance".

This description of activities is broad and vague and lacks the necessary details to determine if the activity is charitable. This proposed activity does not support the Organization's original purpose.

- iv. The website provides links to other websites that report on biodiversity and conservation topics.

- b) The letter further states:

"We proposed our Biodiversity on Earth for children program to communities like [REDACTED] community centres. We also target the Catholic schools and churches to recruit children but timing is not great at this time as churches have summer camps and schools were almost at the end of the school year.

Fortunately, [REDACTED] Community centre accepted our proposal to conduct *Explore and Love Nature (Biodiversity for Earth) Camp* in August 2013.”

Later in the letter it is stated:

“VUCS [REDACTED] are sponsoring the children at [REDACTED] with the \$400 donation [REDACTED] to attend Biodiversity for Earth camp at [REDACTED] Community Centre starting August 3 to 24, 2013 (4 week)”.

CRA Audit analysis:

- i. A review of the [REDACTED] Community Centre calendar of summer activity did not list this camp as being offered in summer 2013. A review of all other [REDACTED] Community Centres calendars for the summer of 2013 had the same result.

c) The letter states:

“To date, we received a small donation of \$400 for Biodiversity for Earth program from [REDACTED]. We are pleased that [REDACTED] endorses us by giving free air time to promote our Biodiversity for Earth camp at [REDACTED] Community centre.”

CRA Audit analysis:

- i. It is not known to which bank account this payment will be deposited as the Organization reportedly does not have a bank account. When queried about what bank account the \$400 donation would be deposited, Ms. Tham stated in the September 10, 2013 telephone call that the cheque has not been deposited yet and she paid the money to [REDACTED] Community Centre with a cheque from the Corporation account. This statement supports the concept that the Corporation conducts business on behalf of the Organization. When asked if the donor would receive a donation receipt for the \$400 donation Ms. Tham indicated that she “supposed so because they would probably want one”, although there are no blank donation receipts or a process for issuing receipts.
- ii. Review of the [REDACTED] list of events advertised in August 2013 could not locate advertising for the Biodiversity for Earth camp.

d) The letter also states:

“We are also offering free lessons on creating websites for children’s Biodiversity for Earth project at Central Downtown Vancouver Public Library – gave permission to use the computers in the children section”.

CRA Audit analysis:


- i. A search of the Vancouver Central Public Library calendar of events did not reveal any events involving “biodiversity” or “creating websites”.

e) The letter also states:

“VUCS-██████ program – Environment: Biodiversity for Earth is made possible due to VUCS educational non-profit charitable status. We have received warm support and generosity from the communities at large – some donations, sponsorships, endorsements from bank, community centre, media, educational institutions, local business and help from volunteers. We had expanded long hours of research, planning, diligence and determination of Board members, particularly Ms. Tham”.

CRA Audit analysis:

- i. This statement indicates that “some donations” have been received, which indicates more than the one donation of \$400 previously discussed. Again, the concern is where the donations are being deposited as it has been stated that the Organization does not have a bank account.



To: Terri Letchford, CMA**From:** **Fax:** 1-250-363-3000**Pages:** 33 (including this page)**Phone:** 1-250-363-0518**Date:** 05/03/2014**Re:** Reply by Lola on Nov 15, 2013 letter**CC:**


☐ Urgent ☒ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

Dear Terri:

Please find attached the first batch of documents from Lola re: letter dated Feb 14, 2014 in reply to your letter.

The second batch will follow this fax regarding Appendix A mentioned in the reply letter followed by a third batch listing the sequence of events after 2007, an item also mentioned in the reply letter.

Thank you.


Certified General Accountant

February 10, 2014

CRA Charity
Ottawa, Ontario

Re: Vancouver University Colleges Society (VUCS) Charitable status

CRA Charity audit report of November 15, 2013 covers VUCS' history since its incorporation in 1983. However, we found the audit report used various events out of context, leading to inaccuracies regarding our conduct. Secondly, CRA Charity report listed VUCS areas of noncompliance as a charitable organization. This response will attempt to address the inaccuracies, misunderstandings and misinterpretations that we found in the audit report.

As the Society understood, the parameter of the CRA Charity audit of February 1, 2013 was defined as "related to the operations of the organization for the period August 16, 2009 to August 15, 2011."

To the best of our ability, VUCS hopes to clarify these issues raised in CRA Charity audit report.

A Summary of College (aka Vancouver University College - VUC) events:

1983-2006

Vancouver University Colleges Society (VUCS) formerly known as New Summits College Society was incorporated on 27 July, 1983. VUC Society was recognized by Revenue Canada and granted as a charitable society as of 27 July, 1983.

Founding Governors/Directors

Dr. Raymond Rodgers, was one of the founding directors (ex officio member) and president of New Summits School and College in 1983. Dr. Rodgers had worked tenaciously, dedicated time, sacrificed much, and assisted the College financially (soft loans) during College hardships. [REDACTED]

The other founding governors or Board members are either deceased or no longer involved. Under these circumstances, it is very difficult and quite impossible for current VUCS Board to account for the history of VUCS, as current Board directors were neither involved nor aware of the College matters decades ago.

VUCS reply-Feb 10/14

Period: 2007-2013

From 2007 onwards, there were extraordinary circumstances that affected the College (aka Vancouver University College - VUC) such as:

- [REDACTED]
- College conferring degrees in British Columbia as a private institution:

In 2002, the new British Columbia Degree Authority Act (BC DAA) was enacted.

In 2004, Judge Maczko did not grant an injunction against the College (VUCS et al). Thus, the College continued its business in granting degrees in British Columbia.

In May 2007, there was a court order that the College (VUCS et al) stop conferring degrees (except Theology degree) in British Columbia.
- Transferring of College's cohorts [REDACTED] in September 2007 as per Article of Articulation. [REDACTED] advised VUC about [REDACTED] in November 2007. Unfortunately, the College was not notified of [REDACTED] closure in 2011.
- Pakistan, Nepal, and other cohorts - IUV did not deal with cohorts from Pakistan, Nepal et al. As a result, the College had to deal with Pakistan cohort through counsel [REDACTED]. VUCS was concerned as this matter could pose a security issue for past and present Board members.
- Flood and restoration on College premises (from Jan 1, 2007-April 2008);
- College premises break-ins (reported) in April and later in 2008, and other attempts of break-ins thereafter;
- Board Secretary [REDACTED]

Due to the above extraordinary circumstances as mentioned above, VUCS has faced many challenges and thus operates on a low-key basis. As reported in July 2013, VUCS is in a recovery stage.

See attached sequence of events from 2007 - a brief outline by Board Secretary Lola Tham.

VUCS reply-Feb 10/14

History of CRA Charity audit

VUCS received a CRA Charity letter dated April 30, 2012 regarding an audit of VUCS (for fiscal period August 15, 2010 to 2011) on May 15, 2012. Chair Clese also received the same CRA Charity letter. The letter was faxed to Accountant [REDACTED] [REDACTED] attention shortly.

On February 1, 2013 an audit of VUCS, represented by Board Secretary Tham, Accountant [REDACTED] the CRA auditors Terri Letchford and Ross Thackray, was held at the accountant's office in Richmond, B.C.. Chair - Dr. Clese was not able to attend the audit meeting. At the end of the audit meeting, CRA auditors recommended that VUCS apply for voluntary revocation. CRA auditor Letchford said that she would check with Ottawa and would get back to us regarding her proposal of voluntary revocation for VUCS.

Subsequently, VUCS Board secretary Tham wrote two reports on a) CRA Charity audit of February 1, 2013, and b) the importance of VUCS charitable status both dated February 7, 2013. These reports were provided to Dr. Clese for review, with copy to accountant [REDACTED]. These VUCS reports were waiting for Chair Clese's recommendations before sending to CRA Charity.

In June 2013, Accountant [REDACTED] received a call from CRA Charity auditor Letchford about VUCS and its voluntary revocation. A letter was drafted and Dr. Clese was notified to review this letter.

However, in early June 2013, after discussing with CRA auditor Terri Letchford, VUCS Board Tham was under the understanding that CRA auditor Letchford was consenting to VUCS to continue its activities, including pursuing donations. The good news was related to [REDACTED] and Chair Clese. Thus, VUCS felt it did not need to proceed with voluntary revocation.

Subsequently, a VUCS report of July 15 plus attachments was sent to CRA Auditor Letchford advising of our progress on our Environment - Biodiversity for Earth program, donations, and sponsorships. See July 15, 2013 letter from VUCS to CRA Charity.

Charitable Activities

Charitable Event - Environment Education (Biodiversity for Earth) - Summer 2013

- [REDACTED] VUCS did collaborate with [REDACTED] Community Centre [REDACTED] on Biodiversity - Explore and Love Nature program in August 2013 (4-week);
- [REDACTED] did air/promote (without charge) the Biodiversity program in July 2013;
- [REDACTED] donated food and provided a session on Food and Nutrition at its site.

The only community collaboration in summer 2013 was with the [REDACTED] Community Centre. As stated in our report of July 15, 2013, we contacted other community centres, private schools to obtain collaborations and affiliations but due to communities' schedules of programs and school summer breaks, we did not meet their submissions deadlines and others. Copies of letter of appreciation from [REDACTED] Community Centre and our Environment - Biodiversity programs were sent to CRA auditor as well.

We did get volunteers from other organizations like [REDACTED] (through assistance from [REDACTED] Department). We did raise funds to sponsor children to the Biodiversity workshop and CRA was notified in our July 15 report. See attached letter of appreciation from [REDACTED]

Donations

We received two donations from two [REDACTED] branches consisting of \$300 and \$100, totaling \$400. We dispersed the \$400 to [REDACTED] Community to sponsor children in the Biodiversity - Explore and Love Nature program in early August 2013 on commencement. Accountant [REDACTED] advised that we set up a new account for the Society - VUCS. We were preparing to set up a bank account for the Society for this Environment project and were waiting for Chair Cleese response as one of the signing officers.

Unfortunately, on September 12, 2013, CRA Charity auditor Letchford's dialogue with Chair Cleese et al and other problems including the CRA audit report made the situation difficult and challenging for the Society Board members to get involved in Society's affairs.

VUCS charitable activities in the Environment - Biodiversity program, including preparation work as confirmed above, did occur in the Summer 2013 contrary to CRA Latchford report.

VUCS reply-Feb 10/14

Society Constitution amendments

On September 11, 2013, auditor Letchford contacted Chair Clease to verify whether his signature on new resolution (filed at Registrar, Victoria, BC) was genuine and not Ms. Tham forging his signature. The new resolution falls under our constitution - to advance education - an extension of our Theology, Montessori, Environment, Sociology program. Later, Dr. Clease's office informed Ms. Tham about CRA querying Dr. Clease's signature.

As a result, a VUCS letter dated September 15, 2013 addressing concerns was sent to CRA Letchford. Subsequently, a letter of thanks and appreciation from [REDACTED] Community centre was also sent to CRA Auditor Letchford. (attached)

On November 18, 2013, Accountant [REDACTED] received an audit report from CRA Charity from auditor Terri Letchford dated November 15, 2013. [REDACTED] advised Board Secretary about this lengthy CRA Charity audit report shortly.

History of VUCS

To the best of our memory and understanding,

Historically since 1983, there had been political, economical and social changes, and educational reforms (British Columbia) in Canada that affected the College -

The College - under New Summits School and New Summits College commenced in 1984 at New Westminster campus. New Summits School offered high school matriculation program. New Summits College offered Arts and Sciences programmes - Certificate, Diploma, Associate and Licentiate degrees. Some of these courses were transferable to UBC and other universities.

The College - Early Childhood Education/Montessori Education program commenced in 1985 at our former Oakridge Campus - annexed to [REDACTED] [REDACTED] Unfortunately, [REDACTED] which was part of the College, was being removed from the College. Dr. Rodgers had written to Revenue Canada about this matter but nothing was done.

In the 1990's, Educational reforms in British Columbia included the creation of [REDACTED] for registering and monitoring BC trade schools. As a result, Montessori/Early Childhood Education and others were regarded as trade schools category. This move affected our Montessori/Early Childhood Education. For example, President Rodgers had been lobbying for a public Montessori/Early Childhood Education so it could be affordable for adult students to take the program; and to make this program a 2-year academic Montessori -Early Childhood (with additional health science requirement).

Tiananmen events affecting College

After the events in Tiananmen, Chinese students became refugees in Canada and left private institutions like VUC for public colleges, free and subsidized programs or work, etc. VUCS sought federal compensation from Canadian government as VUC lost students and had to refund over \$300,000. VUC had to honour teachers and staff contracts as well.

BC Advanced Education

In 2002, BC Advanced Education adopted a new policy for private college/university in British Columbia - enactment of Degree Authority Act (DAA) affecting only the private sector in postsecondary education. At the same time, Ministry of Advanced Education increased and granted public colleges in British Columbia to full degree granting universities like [REDACTED] etc.

Vancouver University College applied to be "grandfathered" to the new policy for private sector - DAA but was asked to apply as if it was a new private educational institution. At the time [REDACTED] in 2007, there was a pending application to DAA.

In 2004, Judge Frank Maczko of Supreme Court did not grant BC Advance Education its injunction against VUCS [REDACTED]. In 2007, after the second time in court, Ministry of Advance Education (MAE) won the appeal and thus a court order was issued on May 1, 2007, in favor of MAE - VUCS [REDACTED] to stop issuing degree (except Theology) in British Columbia.

VUCS purpose

One of VUCS purposes is to advance education. The new addition still falls under our purpose - to advance education - "to promote peace education interdisciplinary to Environment - Biodiversity, Theology and Ethics, Montessori Pedagogy, Recreation, social and cultural acceptance (Sociology)". In this context, we are merely emphasizing "peace education" as a philosophy.

We are still working on our core values and objectives on our Environment - Biodiversity program.

See United Nations definition and VUS Theology and Ethics program. Theology is exempt from Degree Authority Act in British Columbia.

Rodgers' contributions to College

Dr. Rodgers expanded and sacrificed extensive decades of time and money during College's many years of hardships since 1982.

[REDACTED] Rodgers [REDACTED]
[REDACTED] incorporated [REDACTED]
and ECE/Montessori program in the building. Rodgers raised donations - \$100,000 for [REDACTED] furnishings and Montessori equipment in 1980's. The College's Montessori/Early Childhood Education program commenced at Oakridge, Vancouver, B.C.

VUCS reply-Feb 10/14

Dr. Rodgers mortgaged and sold his [REDACTED] property, and used his savings (as loans to College) to assist College expenses during hardships. Likewise, Lola Tham cashed her RSSP, savings and commission incomes to assist the College in hardships. Thus, the College reimbursed Rodgers and Tham when the College was financially able to do so.

VUCS are responding to CRA Charity audit to the best of our memory and understanding. The current Board cannot account for events of past decades. Due to the scope and nature of the report, we hope to reply to CRA Charity in two sections namely –

- a) Dealing first with events after 2007
 - VUCS sequence of events from 2007
 - Reply to CRA Charity – Appendix A - Activities from 2008-2012
- b) For the period before 2007
 - We hope to be able to response at a later date. Data or records after seven years are difficult or impossible to retrieve from sources.

Vancouver University Colleges Society hopes that the Director General of the Charities Directorate will give an equitable and favourable consideration by providing guidance to implement compliance to the Charitable Act under our extraordinary and unforeseen circumstances.

We hope to continue to use our charitable status to advance education; to provide scholarships, bursaries or other grants of like nature to assist students in furthering their education; and to solicit, accept and receive by way of transfer, gift, subscription, bequest, legacy or otherwise, any money, property or anything of value whatsoever either on endowment or to meet the general expenses of the Society.

If you need clarification, please let us know in writing.

Yours truly,

Vancouver University Colleges Society

To the best of our memory and understanding, Vancouver University Colleges Society (VUCS) hopes to clarify and reply to CRA Charity audit report of November 15, 2013.

Background

New Summits - founded by the [REDACTED] centre in 1983. Dr. Rodgers was hired as President of New Summits College since its founding.

Lola Tham, married to Dr Rodgers, became an Alumni member of VUCS.

According to VUCS, Board Secretary was also Registrar out of necessity. Her position was passive, to be supportive of Dr. Rodgers and its Board. Her more recent involvement with VUCS is primarily due to [REDACTED] various circumstances - court order of May 1 and [REDACTED] - most Board members were passive or low-key. Ms. Tham, [REDACTED], took more responsibilities as Board Secretary [REDACTED]. Dr. Cleese also took on more responsibilities as Board Chair but he had been very busy with his business and family. [REDACTED]
[REDACTED]

University name -

On June 29, 1988, DJ Russell, Deputy Premier and Minister of Advanced Education authorized the use of the word "university" in the name of "University College Vancouver" in accordance with section 54(3) of the Universities Act.

Revenue Canada Charity accepted and confirmed Vancouver University Colleges registration on February 17, 1993.

?? Tom Perry, Minister of Advanced Training and Technology for BC (1991-1993) - According to CRA Letchford, the university act did not permit the use of the word "university" in a name unless it was one of the public universities in the province.

See University Act (BC). Education is provincial jurisdiction.

The current VUCS Board members are not sure what transpired from 1992-1993 between VUC and Minister Perry.

In 2002, BC Advanced Education adopted a new policy for private college/university in British Columbia - enactment of Degree Authority Act (DAA) affecting only the private sector in advanced education. At the same time, Ministry of Advanced Education increased and granted public colleges in British Columbia to full degree granting Universities such as [REDACTED].

Vancouver University College applied to be "grandfathered" to the new and amended Degree Authority Act for private sector. Instead, VU was told by the Ministry of Advanced Education to apply and they would process a new application as a private institution despite being in operation since 1983. At the time [REDACTED] in 2007, there was a pending application to DAA.

In 2004, Judge Frank Maczko of Supreme Court did not grant BC Advance Education its injunction against VUCS [REDACTED] (the "College"). In 2007, after the second time in court, Ministry of Advance Education (MAE) won the appeal and thus a court order was issued on May 1, 2007, in favor of MAE - VUCS [REDACTED] (the "College") to stop issuing degree (except Theology) in British Columbia.

CRA Letchford had used the word "defendants" were doing business under a variety of names. There have been change of names of the Society and Corporation and collateral schools like [REDACTED] (Trade or business names) - for promoting the College programs. Unfortunately, Dr. Rodgers is not available to answer this question. It is however common in university/college to have under its umbrella of collateral schools like [REDACTED] etc.

1. Failure to meet the requirements for registration

CRA statement: "After reviewing available documentation about the Organization's actual and proposed activities and conferring with the Board Secretary, the Organization's authorized representative and the organization's listed Chairman of the Board, serious concerns were identified with regard to the former and current activities bring undertaken by the Organization, as well as with the Organization's books and records. The balance of this letter describes these concerns and the identified areas of non compliance in further detail."

2. Organization's purpose

VUCS Reply:

Board Secretary was not familiar with the Society Act reported by CRA Letchford. Ms. Tham understood that the quorum for VUCS is 5 as the Society has changed its bylaws since 1983. As explained in audit meeting of February 1, our Board Members are international and we communicate through electronic means - email, phone or meeting. We did have the quorum to constitute a meeting to pass a resolution. In fact, our Environment education and incorporating peace philosophy is in accordance to our purpose of advancing education. This program also includes to Theology, Montessori and Sociology (social and cultural acceptance). VUCS constitution is advancing education. VUCS add to its resolution to emphasize one of the objectives of promoting "peace education" within its core programs of Montessori, Environment, Recreation and Sociology. Most Colleges or Universities do not require approval from CRA Charity to promote education of this nature.

After the audit, VUCS understood that we were accommodating CRA request as she did suggest that VUCS could add to our constitution what type and specific educational activities we would be offering or plan to offer. Thus, VUCS sent her a copy of a report dated July 15, 2013.

[REDACTED]

reported Ms. Tham as the administrative contact. Earlier registrations were done either by Dr. Rodgers or a former technical assistant. Board Secretary could have renewed this website and thus changed the name.

However, we did provide a copy of the archived website in British Columbia to CRA auditors during the February 1, 2013 audit. We did explain to CRA auditor that these websites - [REDACTED] - were set up by former technical assistant [REDACTED]

VUCS agreed to keep the websites in case some cohorts or students wanted to contact [REDACTED] (in website) about transferring their credentials. The website mentioned that Theology is exempt from the Degree Authority Act in British Columbia. [REDACTED]

Because of the circumstances, Board secretary Tham [REDACTED] sought Chair Cleese's decision and counsel because he [REDACTED].

History of non-compliance for Filings of T3010 registered charity returns

1991-2012 - three years were never filed 1992, 1995, 2001.

14 years filed late and only five T3010s in the 22 years were filed on time.

This is probably due to lack of manpower and volunteers as the College was undergoing hardships and trying to survive as an educational institution [REDACTED]
[REDACTED]

CRA - Contacting VUCS for audit by voice mail

2010 - no correspondence received

2011- board Secretary [REDACTED] no correspondence

2012- acknowledgement by VUCS receiving letter of audit from CRA

2013 - February 1 audit

Lack of information -

CRA Letchford is asking for the history of a Society. The President Rodgers would be in a better position to answer them. Board Secretary was passive [REDACTED]
[REDACTED] and thus was not able to answer or provide the history of the Society accurately.

The parameter of the audit was for the period August 16, 2009 to August 15, 2011. VUCS did provide adequate information for this period and further, and were prepared to answer questions that they were familiar about.

CRA auditors have gone beyond the scope of the intended audit and had made serious misrepresentations, misunderstandings, assumptions and judgments that affect VUCS charitable status, name, and its Board members as well as defamatory remarks and accusations about Board Secretary Lola Tham and [REDACTED] Dr. Rodgers. Because of the nature and inaccuracy of the report, VUCS intends to seek legal counsel. We however prefer to deal with this matter equitably with CRA Charity.

VUCS reply-Feb 10/14

Reply to CRA Charity: VUCS and [REDACTED]

To the best of our memory and understanding, and due to extraordinary and unforeseen circumstances, VUCS endeavour to reply to CRA Charity audit report of November 15, 2013 that covers a wide span of 30 years since its incorporation in 1983. Please note that the current Board were not involved in matters and/or passive prior to 2007

c. Prohibited Activities

We need to emphasize that since incorporation in 1983, both Vancouver University Colleges Society and [REDACTED] (aka the "College" or "VUC") educational programs were approved by BC Advanced Education. The Society received its charitable status from the Revenue Canada Agency (aka Canada Revenue Agency or CRA) Charity Division as per attached letter dated July 27, 1983.

Education in Canada is under provincial jurisdiction. The British Columbia Degree Authority Act (DAA) was enacted in 2002. As a result, all existing private post-secondary institutions including VUC and others had to register with BC Advanced Education for degree status as a postsecondary education institution. Subsequently, VUC applied to be grandfathered to the new BC DAA but was advised to apply as a "new" entity for degree granting status in British Columbia.

BC Advanced Education under Minister Shirley Bond, brought an injunction against the College (VUCS-[REDACTED]) to stop issuing degrees in British Columbia. In 2004, Judge Mazcko did not grant the BCAA an injunction against the College to cease conferring degrees in British Columbia. So, the College/University continued its degree programs in British Columbia, Canada and worldwide.

On May 1, 2007, BC Advanced Education under Minister Murray Coell, Judge Kelleher issued a court order stating the College - GVUC-[REDACTED] to stop conferring degree in British Columbia (which does not include a degree in Theology). Dr. Rodgers and the College were considering an appeal.

Subsequently, [REDACTED] in June 2007, Vancouver University degree programs were transferred to [REDACTED]
[REDACTED]

Due to extraordinary and unforeseen circumstances after court order of May 30, 2007, the College consortium office in Vancouver, B.C. operates on a low profile basis - we did not confer degrees in British Columbia.

Under the BC Degree Authority Act, Theology was exempt. In Canada and elsewhere, VUC continued its Theology program (offered Religious studies since 1984, Theology cohort in United Kingdom, International University Vienna - Christian University, VUC's Theology and Ethics, Montessori Peace Education, et al) and continued pursuing Theology and Ethics options with other Christian organizations.

CRA Charity audit: Students enrollment for program

In Dr. Rodgers' letter to the Premier of BC in February 2004, Dr. Rodgers states: "We have more than 3820 students in our current programs and are severely endangered by the allegations of your Ministry of Advanced Education - suggesting that our three decades of degree programs haven been (illegible). Please deal with this problem".

VUCS reply:

VUC Worldwide consisted of consortium of colleges worldwide that are independent entities.

To the College memory and understanding, the number of students mentioned in Dr. Rodgers' letter to the Premier of BC in February 2004 was derived from all the students of member colleges worldwide but these students were not necessary enrolled at VUC Worldwide.

VUCS reply-Feb 10/14

CRA Charity audit:

- "the Organization operated under numerous pseudonyms;
- "the Organizational structure makes it difficult to clearly identify which entity is involved in which activity;

VUCS reply:

The structure of the College/University was set up prior to 2007 by counsel, President Dr. Rodgers and past Board members.

To the best of our memory and understanding, the College/University was set up –

The College -- Vancouver University Colleges Worldwide operates with collateral colleges:

- [REDACTED]: Montessori and Early Childhood programs;
- [REDACTED]: Business programs;
- [REDACTED] and [REDACTED]:
 - high school matriculation and
 - College Arts, computer and Sciences programs;
- [REDACTED]: Environment and Geography, Ecology

Other Universities/Colleges similarly operates as "Schools or others" category such as

[REDACTED]

See [REDACTED] and other university websites for references of collateral names.

CRA Charity audit:

"No donation receipts were issued and no sample donation receipt was available;

VUCS reply:

During the audit interview on February 1, 2013, VUC informed the CRA auditors that the last donation was about 15 years for \$15,000 and showed her a copy of the donation receipt.

Subsequently, in Summer 2013 we received 2 small donations of \$400 from two [REDACTED] branch offices. We also reported in writing to CRA last year accordingly.

CRA Charity audit: Returns

"the T3010 Registered Charity Information returns are not completed correctly;

CRA Charity audit: "the books and records, organizational structure and methods of operation appear to be set-up for the benefit of Dr. Rodgers [REDACTED] and/or Ms. Tham.

VUCS reply:

We do not understand what Auditor Letchford meant. On the contrary, Dr. Rodgers and Ms. Tham had made sacrifices financially and extensive time for sustaining the College. Ms. Tham, as mentioned, took more responsibilities and got involved with Society's matters [REDACTED] [REDACTED] since most Board members due to circumstances were less involved.

VUCS reply-Feb 10/14

CRA Charity audit: Board Directors

"According to CRA Charity auditor, 17 directors are listed in 2011 T010 and six have Canadian addresses - one of the six is Ms. Tham.

Registered letters sent to notify the other five Canadian directors about the audit resulted in one letter returned as "moved", one returned as "unclaimed" and one returned as "return to sender".

VUCS reply:

Board Secretary Tham would like to know which audit letter CRA Auditor Lethford is referring to, and was VUCS and Board Secretary sent a copy?"

During the audit interview on February 1, 2013, Board Secretary informed the auditors that Board members communicate via electronic means. If the Board member had not notified the Society office of an address change or resignation in writing, the records show the existing address and memberships on VUCS.

VUCS and Board Secretary Tham was not aware that Dr. Clease was holding an "honorary Chair" position with the Society. All previous Chairs were proactive on Society matters. The Society books are available on request to VUCS Board.

[REDACTED] Chair Clease was recruited by [REDACTED] Dr. Rodgers as the Chairperson for the Society.

Chair Clease and Board Secretary Tham sometimes met briefly [REDACTED] about College updates and others. Board Secretary communications with Chair Clease included emails, occasionally left documents at his office [REDACTED] and brief conversations [REDACTED]. Dr. Clease is very busy with his business and family. [REDACTED] Chair Clease had assumed more responsibilities on College business.

When our collaborating organization [REDACTED] was proposing merging with the College, Messrs. Clease, Tong, Lucas and Tham et al agreed to meet the President [REDACTED] in Vancouver, B.C.

Board Secretary Tham endeavoured to update or seek Dr. Clease advice on College matters whenever he is available including the VUCS report on

VUCS reply-Feb 10/14

[REDACTED]

the audit, voluntary revocation and others. Dr. Clease is usually accommodating. Only on one occasion as Ms. Tham recalled that Dr. Clease asked about a specific document and it was discussed with Thomas Tong previously as this was the case.

Because of Dr. Clease' background in [REDACTED] as well, Board Secretary had always encourage him to get involve and give advice on our Environment - Biodiversity program. [REDACTED]

[REDACTED] His reply is usually that he is very busy.

See VUCS letter to CRA Charity dated September 15, 2013.

CRA Charity Audit:

"As detailed above, it appears that the amendment to the Constitution was not approved according to the Organization's By-laws and with oversight by an active Board.

VUCS reply:

New Purpose: VUCS to promote peace education through Environment (Biodiversity for Earth), Montessori Pedagogy, Theology and Ethics, Recreation, social and cultural acceptance.

The additional purpose in the constitution was added to clarify the activities of VUCS. One of the purposes of VUCS constitution is to advance education. The new purpose "to promote peace education through Montessori pedagogy, environment (biodiversity, etc), recreation, social and cultural acceptance falls under this category. We already offered these programs - Montessori, Theology and Ethics, Environment, Social and Cultural Acceptance throughout the history of the College - VUCS is emphasizing the theme of "peace education" in these programs.

Why is CRA Charity causing a fraction among VUCS Board members?

Ms. Lethford called Dr. Clease to ask him if it was his signature and not forgery on Society documents filed in Victoria and with CRA Charity. Dr. Clease advised Ms. Tham about this incidence and subsequently, VUCS wrote a letter to CRA Charity on September 15, 2013. Why is CRA Charity protecting the interest of the Chair and showing prejudice and discrediting Board Secretary Tham without fair hearing. Dr. Clease is a man of authority and understood what he signed because he had been updated on College matters via email, in person or documents left at his office.

We were advised that even a large NGO takes a year to update its website on its objectives and core values. We are limited with resources – manpower and funds.

We are still refining our objectives and core values in our mission and vision.

CRA Charity audit: address

"Regarding the physical address and books and records address the Organization indicated [REDACTED], The complete physical address of the charity should be reported for the physical address.


VUCS reply:

The College campus had moved since its incorporation in 1983 from locations like [REDACTED]

[REDACTED] The College leased the Beatty space [REDACTED] including [REDACTED], 550. [REDACTED] address at 550 Beatty.

The BC Government, BC Supreme Court Provincial and CRA Charity have been aware of its Beatty location since 1988.

VUCS reply-Feb 10/14



To: Terri Letchford, CMA**From:** **Fax:** 1-250-363-3000**Pages:** 29 (including this page)**Phone:** 1-250-363-0518**Date:** 05/03/2014**Re:** Reply by Lola on Nov 15, 2013 letter**CC:**batch 2 and batch 3

☐ **Urgent** ☒ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

Dear Terri:

Please find attached the second and third batch of documents from Lola re: letter dated Feb 14, 2014 in reply to your letter.

The second batch regarding Appendix A and the third batch listing the sequence of events after 2007 are all mentioned in the reply letter.

Thank you.


Certified General Accountant

**Re: Vancouver University Colleges Society (VUCS) –
Response to CRA Charity audit report – Appendix A dated November 15, 2013**

1. To the best of Vancouver University Colleges Society (VUCS) ability and knowledge, please note that VUCS reply (in italic) to CRA audit report dated November 15, 2013 is outlined below.

Taking into account VUCS events and circumstances since 2007, VUCS hopes to clarify any misunderstandings, inaccuracies and others reported by CRA auditor on CRA Analysis of activity report from 2008-2013.

Below is a verbatim CRA Audit Report (dated November 15, 2013) - Appendix A – Analysis of Activity Reports 2008 to 2012.

2. VUCS submitted annual reports 2008-2012 during the audit of February 1, 2013 at [REDACTED] office on February 1, 2013. Please see enclosed VUCS report dated February 7, 2013 (and attachments) on CRA audit interview.

3. Events and Circumstances from 2007 (attached) – Due to extraordinary and unforeseen circumstances - VUCS and Board Secretary that affected VUCS' low-key operation. As reported, VUCS is in a recovery stage.

4. Correspondences to CRA Charity in July and September 2013:
- Letter to CRA Charity dated July 15, 2013 and enclosures
- Letter to CRA Charity dated September 15, 2013 and enclosures

5. Letters of Appreciation from [REDACTED] Community Centre and [REDACTED] (attached)

6. Memorandum of Understanding between [REDACTED] (attached)

7. VCUS' Purpose of Advance Education: Environment - Biodiversity Program

*Peace Education definition from [REDACTED]
[REDACTED] Peace message. Our aim of peace education is interdisciplinary to Environment, Theology and Ethics, Montessori Pedagogy, Recreation, social and cultural acceptance. We do not teach Peace Education per se such as offering course in conflict resolution.*

CRA Charity: a. VUCS Charity annual report 2008

"Vancouver University Colleges Society is a consortium in which collaborating entities maintain their own financial records. In this framework, member colleges, board members and other volunteers provide direct or seconded services without charge to the consortium society. It is estimated that the monetary value of all these services globally may be in the \$150,000 range per annum. We have not in 2007-2008 however, issued any receipts for charitable donations per se.

Included in this assistance has been, in British Columbia, live-work office space use and other facilitations including the volunteer time of the chairman, vice-chair, secretary and others.

Donated (without issuance of tax receipt) pro forma	\$100
Expended on this registration and other postage	\$100
	<hr/>
	\$0

Signed by two or more Board members."

VUCS reply:

Due to VUCS and Board Secretary's extraordinary circumstances ([REDACTED] problem, knowledge and ability), this report reflected on an ongoing situation - the Vancouver University College (VUC) consortium was still active with [REDACTED] concurring to the Memorandum of Understanding signed between VUC AND [REDACTED] in June 2007. Thus, [REDACTED] was responsible for ensuring that existing students could graduate in their postsecondary programs overseas.

The style of the report was merely a copy from previous years as the Board Secretary was unfamiliar with filing returns of charity. The Board Secretary filed the report to the best of her ability and knowledge.

Meanwhile, the VUC (aka the "College") still exists in the same Beatty premises since 1988. Due to various circumstances - see attached Events from 2007 - VUC has operated minimally. Vancouver University College could not issue degrees (except Theology) in British Columbia under Supreme Court order of May 1, 2007. Also, the College's premises were being restored, as there was a flood on January 1, 2007. Restoration was not completed until April 2008. All the College's belongings - records, etc. (which were disorganized at the time) were moved to storage from August-September 2007 and returned back unsorted and unorganized in Spring 2008 and stacked high later. Unfortunately, there were two break-ins reported in College facility in 2008. In addition, there were construction negligence and noise pollution from neighbor - these were not resolved until later 2010.

VUCS reply-CRA Audit - appendix A (Nov 15/13)

CRA Audit Analysis of 2008 report.

"This written report is not congruent with the verbal statement made during the audit interview in which it was stated that the Organization was not active since [REDACTED] 2007."

VUCS reply:

Please see VUCS report of February 7, 2007 re CRA audit. As mentioned above, due to the circumstances of VUCS and Board Secretary, the degree granting was transferred [REDACTED] as per Memorandum of Understanding. [REDACTED] and VUC had considered merging the two institutions in September 2007. [REDACTED] and cohort from [REDACTED] were planning to visit our Vancouver campus in November 2007 or later.

The Board Secretary was not familiar in preparing this report. - Additionally, [REDACTED] [REDACTED] made filing the unfamiliar charity report even more difficult. - She tried to use former reports as example.

There could be an oversight by the Board Secretary to include a report "Signed by two or more Board members."

VUCS Reply:

As explained during the audit interview on February 1, 2013, VUCS did not issue donation receipts, as we did not receive any donations except what was reported in our annual charity returns and the donation 15 years ago. See VUCS report of February 7, 2013. However, our consortium remains active overseas through [REDACTED] and other consorts.

VUCS is surprised that CRA auditors did not verbalize all these concerns during the audit meeting of February 1, 2013. - The auditor personalizes this audit to "Ms. Tham" as there was also Accountant [REDACTED] for the Society.

CRA Audit analysis:

VUCS reply-CRA Audit -appendix A (Nov 15/13)

2009 Activity report states:

'VUC continues to be a resource centre for Montessori education at Beatty premises and online.

VUC pursued Christian organizations to collaborate in theology programs in comparative theology and internships.

In honor of Dr. Raymond Spencer Rodgers, VUC located his archives at Louisiana - University of Southern Louisiana. Ms. Tham met with [REDACTED] a recipient of VU scholarship at Lafayette, Louisiana. Columbia University, New York invited us to join their prestigious alumni club [REDACTED]."

"This written report is not congruent with the verbal statement made during the audit interview in which it was stated that the Organization was not active since [REDACTED]."

VUCS reply:

As mentioned above, due to the circumstances of VUCS and Board Secretary ([REDACTED] ability and knowledge), the degree program was transferred to [REDACTED] as per Memorandum of Understanding [REDACTED] on June 2007. Please see VUCS report of February 7 2007 regarding CRA audit of February 1, 2007.

Meanwhile, VUC Society still operates on a low-key basis in the same Beatty premises (since 1988) due to the circumstances in British Columbia - see attached Events from 2007. Vancouver University College could not issue degrees (except Theology) under Supreme Court order of May 1, 2007.

CRA audit: Montessori resource centre

i. "Continuing to be a resource centre for Montessori education at Beatty premises and online does not support the Organization's approved purpose".

VUCS Reply:

VUC Montessori/Early Childhood Education program commenced in 1985. Our Montessori program also operates under our collateral [REDACTED]. We train Montessori/Early Childhood Education and were the first Montessori organization in Vancouver to train Montessori Elementary teachers in 1986. We always have a resource centre for adult students to practice and for parents and children to manipulate the Montessori materials. We also are a referral centre for enquiries to Montessori philosophy and others – an extension of our Montessori Training centre. [REDACTED]

CRA audit: Theology – Christian organizations

iii) "Pursuing Christian organizations to collaborate in theology programs in comparative theology and internships could be in support of the Organization's approved purpose, but here are not enough details provide in order to determine if this activity is charitable".

VUCS Reply:

Theology is exempt from the British Columbia Degree Authority Act (enacted 2002).

VUC 's cohort and affiliation in Theology included [REDACTED] (Christian Organization).

VUC was pursuing some Canadian and US education institutions and churches internship programs for collaborations and affiliations.

Also, VUC [REDACTED], was offering theology programs in comparative theology like "Theology and Ethics", and "Montessori and Peace Education" in 2007. As such, we continued to publish our Vancouver University website.

Our College campus is a resource centre for theology – open for Bible study or research. We had some Bible study groups in 2012.

CRA audit:

i) Transferring Dr. Rodgers' personal archives to the University of Southern Louisiana is not a charitable activity and does not support the Organization's approved purpose.

VUCS reply:

VUCS Board Secretary made a business trip to educational institutions - Columbia University, (New York), MIT (Boston) and University of Southwest Louisiana, Lafayette, Louisiana.

VUC wanted to meet with [REDACTED] who has been positive in Dr. Rodgers' works particularly in the Louisiana's Cajun revival. VUCS was interested in recruiting [REDACTED] for VUCS Board or other positions [REDACTED]

Also, VUC respect and honour Dr. Raymond Rodgers for his long, dedicated invaluable contributions and services in advancing education in Business, Science (Geography and Environment), Political Science (International Law), Education - ECE-Montessori Pedagogy, and the Arts. [REDACTED]

The College was the first institution in British Columbia to promote MIT free on-line courses.

VUCS reply-CRA Audit -appendix A (Nov 15/13)

CRA audit: 2010 Activity report states:

"VUCS continued to pursue collaboration in Montessori education and theology option".

VUCS renewed our interest in environment issues as in the 90's. In 2010, United Nations declared 2010 as the year for biodiversity for ecological reasons. We endorsed biodiversity globally. We advocated to some private sectors and affluent individuals in buying tiny or small uninhabited islands near the Arctic, Northern Quebec, etc to conserve/protect biodiversity or prevent/minimize dead zones in oceans. One Board member suggested that VUCS explored the feasibility of buying a tiny island for conservation of biodiversity near the Arctic for \$10,000. There were none available at that price".

CRA Audit analysis of 2010 activity report:

- i. This written report is not congruent with the verbal statement made during the audit interview in which it stated that the Organization was not active since [REDACTED] 2007.

VUCS reply:

As mentioned above, due to the circumstances of VUCS and Board Secretary [REDACTED] [REDACTED] ability and knowledge), the degree program was transferred to [REDACTED] [REDACTED] as per Memorandum of Understanding [REDACTED] [REDACTED] on June 2007. Please see VUCS report of February 7 2007 regarding CRA audit of February 1, 2007.

Meanwhile, VUC Society still operates on a low-key basis in the same Beatty premises (since 1988) due to the circumstances in British Columbia – see attached Events from 2007. Vancouver University College could not issue degrees (except Theology) under Supreme Court order of May 1, 2007.

VUCS reply-CRA Audit –appendix A (Nov 15/13)

CRA audit:

- ii) Pursuing collaboration in Montessori education and theology options does not support the Organization's approved purpose.

VUCS Reply:

VUCS' purpose is to advance education including Montessori education and Theology Education. Due to the circumstances of BC Advanced Education court order and negative publicity, it was difficult to promote these courses or get donations under these circumstances. But VUCS was still optimistic.

Theology is exempt from the British Columbia Degree Authority Act (enacted 2002). VUC's cohort and affiliation in Theology included [REDACTED] (Christian Organization). VUC was pursuing some Canadian and US educational institutions and churches internship programs for collaborations and affiliations. Also, VUC [REDACTED] was offering theology programs in comparative theology like "Theology and Ethics", "Montessori and Peace Education" in 2007 and continued to be published in our website of Vancouver University Worldwide. Also, we pursue organizations for collaborations in Montessori Education and Theology and Ethics Education locally and internationally.

CRA audit:

- iii) Activity aimed at saving the environment is not congruent with the Organization's approved purpose under the advancement of education.

VUCS Reply:

VUC's program in Environment Education was available as early as in 1984. VUC was involved in Globe 90 - the first environment conference in Vancouver, B.C. Dr. Rodgers had offered his [REDACTED] property as a research geography site prior to selling it in 1997 to assist as loan for paying College expenses. Our recreation program included the Environment studies. VUC is pro-environment and sustainability of Earth.

The interest in buying an island for conservation due to the growth of dead zone oceans is to influence and encourage other rich organizations or entrepreneurs to do so. This island can be classified heritage by UNESCO could be used for advancing education in research much like the renowned Galapagos. According to Chair Derek Cleese [REDACTED], he also had Marine Biology background and had been to Bamfield Marine Research centre at Vancouver Island. - He was enthusiastic and positive about this possibility.

CRA audit: 2011 Activity report states:

"VUCS continues to explore opportunities for Montessori education and theology program both locally and internationally.

VUCS donated some children books to Burmese children, advocated gardening for young children as a biodiversity project, etc.

VUCS continued to be a resource centre for Montessori education and theology. We welcome parents and children of homeschooling to use our resource centre. Also, VUCS encouraged church interns and scholars to use the facility as a theology resource centre.

Meanwhile, [REDACTED] agreed to collaborate with us on Montessori education. We will be supplying them with our Montessori didactic materials and guiding their staff. We look forward to this collaboration.

CRA Audit analysis of 2011 activity report

- i. "This written report is not congruent with the verbal statement made during the audit interview in which it was stated that the Organization was not active since [REDACTED] 2007".

VUCS reply:

As mentioned above, due to the circumstances of VUCS and Board Secretary [REDACTED] ability and knowledge), the degree program was transferred to [REDACTED] as per Memorandum of Understanding [REDACTED] on June 2007. When the report was written, VUC was not informed of the closing [REDACTED] in 2011 until recently 2013.

Meanwhile, VUC Society still operates on a low-key basis in the same Beatty premises (since 1988) due to the circumstances in British Columbia – see attached Events from 2007. Vancouver University College could not issue degrees (except Theology) under Supreme Court order of May 1, 2007.

CRA audit Analysis:

- i) "Exploring Montessori education and theology programs both locally and internationally" is not a charitable activity".

VUCS reply:

VUCS' purpose is to advance education including Montessori education and Theology and Ethics education.

Due to the circumstances of BC Advanced Education court order in May 2007 and negative publicity, it was difficult to promote these courses or get donations, sponsorships or affiliations under these circumstances. But VUCS was still optimistic.

Theology is exempt from the British Columbia Degree Authority Act (enacted 2002).

VUC 's cohort and affiliation in Theology included [REDACTED] (Christian Organization).

VUC was pursuing some Canadian and US educational institutions and churches internship programs for collaborations and affiliations.

Also, VUC [REDACTED], was offering theology programs in comparative theology like "Theology and Ethics", "Montessori and Peace Education" in 2007 and continued to be published in our website of Vancouver University Worldwide.

In addition, we pursue organizations for collaborations in Montessori Education and Theology and Ethics Education locally and internationally.

If there were a need to train Early Childhood Education/Montessori Education in Canada or third world countries, VUCS would do so.

CRA Audit Analysis: Donating Books

- ii) Donating books to Burmese children is not an activity that supports the Organization's approved purpose.

VUCS reply:

[REDACTED] trains adults in Early Childhood Education and Montessori Education (children ages 0 to 12). We support educational outreaches to educate the children in the third world. These books were used to teach English to children in Burma. Our organization endorses early childhood education throughout the world of which Burma is a part.

CRA audit analysis:

- iii) Being a resource centre for Montessori education and theology is not activity that supports the Organization's approval purpose.

VUCS reply:

As mentioned above, VUCS is a Montessori training and resource centre since 1984 for Montessori educators/students in the community. Our purpose is to advance Montessori Pedagogy – Philosophy and Method – to guide teachers in training and to explore missionary options to reach out to third world countries.

CRA audit analysis:

v. "Supplying [REDACTED] with the Organization's Montessori didactic materials and guiding their staff equates to gifting its resources to a non-qualified donee per Canadian charity law; therefore the Organization cannot gift its resources to [REDACTED]. Gifting the Organization's resources to a non-qualified donee contravenes Canadian charity law".

VUCS reply:

First, the College Montessori equipment and materials are over 20 years and most of them are obsolete as there are newer models. The reason for donating this old Montessori equipment is that the [REDACTED] was interested in incorporating Montessori philosophy in their programs. To purchase new Montessori equipment can be quite expensive. Board Secretary (graduated in ECE/Montessori) was volunteering to coach the teachers at [REDACTED] to promote the Montessori method in the classroom. We had not done so previously due to the difficulty of transporting the equipment. In the past, VUCS would lend our Montessori equipment to other daycare or preschool centres in the Lower Mainland as community services.

2012 Activity report states:

"VUCS purposes are:

1. To establish and maintain in British Columbia a college in which instruction shall be offered which includes university work and other courses normally required for completion of secondary school or admission to a university or college:

VUCS offer educational services to private and non-government organizations (NGO) worldwide and in Canada. Our educational work included but not limited to establishing a Montessori/Early Childhood Education program/centre at Oakridge and Langley. In collaborating with the Vancouver School Board, VUCS is proud to have trained the first group of Montessori Elementary teachers in the Lower Mainland. As a post-secondary non-profit institution, we offered programs in Montessori/Early Childhood Education, English as Second Language (ESL), College/University programs and so on.

Since June 2007, International University (IU) Vienna has facilitated the role of university programs as per agreement between Vancouver University and International University Vienna.

Vancouver University do not benefit financially from this arrangement with International University Vienna.

2. To provide scholarships, bursaries and other grants of like nature to assist studies in furthering their education;

Vancouver University have provided scholarships, bursaries and other grants of like nature to assist students in furthering their education since its incorporation in 1982 in programs like Montessori/Early Childhood Education, English as Second Language, College/University, etc.

Our scholarships include scholarships in the honor of Rodgers, [REDACTED]
[REDACTED] Recipients included [REDACTED] (USA), Chinese studying ESL, ECE/Montessori students and others."

CRA Audit analysis of 2012 activity report:

- i. This written report is not congruent with the verbal statement made during the audit interview in which it was stated that the Organization was not active since [REDACTED] 2007.

VUCS reply:

As mentioned above, due to the circumstances of VUCS and Board Secretary [REDACTED] problems, ability and knowledge), the degree program was transferred to [REDACTED] as per Memorandum of Understanding [REDACTED] on June 2007. When the report was written, VUCS was not aware nor inform of the closing [REDACTED] in 2011 until recently 2013.

CRA audit analysis of 2012 activity report:

- ii. This written report is not congruent with the following description of activities reported on the 2012 T3010, Registered Charity Information Return The T3010, as filed states:

"VUCS is an international organization, in the sense that its members are located globally and its vision and mission internationally. Our society functions as a promise, a mission – establishing a consortium university – promoting theology peace education such services particularly to third world countries. VUCS continues to explore networking opportunities globally for peace and theology education etc. VUCS provides scholarships bursaries and other grants of like nature to assist students scholars in furthering education, internship, organizations, etc."

CRA audit analysis 2012 activity report:

- iii. It appears that the 2012 written report detail the Organization's past activities.

VUCS Reply:

At this time of writing, Board Secretary or VUCS was not aware that [REDACTED] was not in operation. Since VUCS was also pursuing other interests in the States in Montessori and Environment programs, VUCS is international. Our Board members are international as well. VUCS could also be interested to do Montessori and Environment education in startups and training of Montessori Early Childhood educators in third world countries through church affiliations overseas.

CRA audit analysis 2012 activity report:

- iv. We were told during the audit interview that there is no bank account and no assets so it is unknown from what funds the reported scholarships and bursaries would be granted in 2012.

VUCS reply:

The report of 2012 states about VUCS - non-profit charity - "can" provide scholarship, bursary or grant of like nature to assist students, scholars in furthering education, internship and others. We are permitted to raise funds. The report was optimistic - hoping to get sponsorships, donors or collaborations.

The Society - VUCS does not have a bank account per se. The structure of the College was set up prior to 2007. If a VUCS project were feasible and educational in nature, [REDACTED] would fund the project for VUCS.

CRA audit analysis 2012 report:

- v. [REDACTED] referred to the report [REDACTED] and was subsequently taken over by a Serbian entity.

VUCS reply:

VUCS regretted that [REDACTED] had not notified VUCS about this closure. VUCS became aware of the situation until recently. In 2011, Board Secretary was on [REDACTED] leave.

Proposed Activity Analysis of Information

Audit interview of February 1, 2013

1. [REDACTED] letter dated January 27, 2013

"Over the past two years Ms. Tham and I have been discussing the benefits of Montessori and how we might incorporate some of these practices into the [REDACTED] Early Learning curriculum...As a non-profit childcare and early learning centre, [REDACTED] depends on generous gifts and donations to enhance our classroom materials. We are eager to receive the materials and the expertise that Lola and VUC Society can provide."

CRA Audit analysis:

- i. [REDACTED] is a registered charity in the U.S. and is not a qualified donee per Canadian charity law; therefore the Organization cannot gift its resources to [REDACTED]. Gifting the Organization's resources to a non-qualified donee contravenes Canadian charity law.

VUCS reply:

As mentioned, VUCS had not donated or loaned our Montessori equipment to [REDACTED] due to inconvenience and the cost of transporting them to the States. Our Montessori materials are over 20 years old, have missing parts and are not a complete set. Most of the Montessori equipment was purchased by Dr. Rodgers and used for our Montessori teachers training program and Montessori resource centre. VUCS had loaned Montessori equipment and materials to promote Montessori Education in the community in previous years. VUCS is a Montessori resource centre for Montessori, Theology and Environment.

CRA auditors did not inform VUCS during the audit interview that VUCS cannot donate to a charity in the United States. Board Secretary is quite new and is still learning about charity regulations regarding donation of pedagogical materials outside of Canada.

Analysis of Proposed activities provided July 19, 2013

- a) A letter supplied with new purpose d) submitted to the auditor in July 2013 states that:

"Vancouver University Colleges Society (VUCS), in collaboration with our affiliate [REDACTED] is promoting Biodiversity on Earth - Children in communities in the Lower Mainland, British Columbia, Canada. Please view our modest website -www.biodiversityforearth.wordpress.com."

CRA Audit analysis of Proposed activities provided July 19, 2013:

- i. Our audit analysis shows that an incorporated entity with certificate [REDACTED] was created in February 1998 but remained inactive or "on the shelf" (a shelf corporation) until [REDACTED] took it over in September 2011. [REDACTED] maintains its address at [REDACTED] in Vancouver, an address that has been used as a contact address of the Organization or Dr. Rodgers and/or Ms. Tham over the years. These findings indicate that [REDACTED] could be another non-arm's length entity involved with the Organization.
- ii) Review of the cited website shows that it was developed after the audit interview in February 2013 and states that "[REDACTED] (established in 1998) is a non-profit educational organization". The reference to being "established in 1998" is an example of a common reason why shelf corporations are used - they provide the appearance of corporate longevity that doesn't actually exist.
- iii) The website goes on to say that "VUCS (established in 1983) has non-profit charitable status. [REDACTED] VUCS mission is to promote peace education locally and worldwide through environment - biodiversity, Montessori pedagogy, theology and ethics, recreation and cultural acceptance.

This description of activities is broad and vague and lacks the necessary details to determine if the activity is charitable. This proposed activity does not support the Organization's original purpose.

VUCS Reply:

██████████ was incorporated in February 1998. Do not understand what CRA auditor mean by "being on the shelf (a shelf corporation) until ██████████ took it over in September 2011."

As stated in our "Events and circumstances list", Ms. Tham was not involved in the set up and administration of ██████████ Dr. Rodgers as President. ██████████ is an ideal place for Recreation, Environment and Montessori programs. Dr. Rodgers owned a property ██████████ and he generously offered for use for Geography and Ecology courses and extended outdoor recreational facility for the College. Unfortunately, Dr. Rodgers sold ██████████ to assist in College expenses during hardships in 1997.

One of our purposes is for advancing education such as Montessori education, Environment Education, Theology and Ethics Education, Recreation Education, Sociology (social and cultural acceptance) Education.

The emphasis on "peace education" is integrated in VUCS philosophy in advancing education. Education is provincial jurisdiction and not federal.

Our mandate is to bring peace and harmony on Earth through education – Environment, Theology and Ethics, Montessori Pedagogy, Recreation, and Social and Cultural Acceptance (Sociology).

Please see references on "Peace Education", Montessori and Peace Education, Recreation, and Social and Cultural Acceptance (e.g. Quebec-Louisiana Cultural agreement – preservation of French culture).

CRA audit analysis:

b) The letter further states:

"We proposed our Biodiversity on Earth for Children program to communities like [REDACTED] community centres. We also target the Catholic Schools and churches to recruit children but timing is not great at this time as churches have summer camps and schools were almost at the end of the school year. Fortunately, [REDACTED] Community Centre accepted our proposal to conduct Explore and Love Nature (Biodiversity for Earth) camp in August 2013."

CRA audit analysis: Later in the letter it is stated:

"VUCS-[REDACTED] are sponsoring the children at [REDACTED] with the \$400 donation from [REDACTED] to attend Biodiversity for Earth camp at [REDACTED] Community Centre starting August 3 to 24, 2013 (4 week)".

CRA Audit Analysis:

i. "A review of the [REDACTED] Community Centre calendar of summer activity did not list this camp as being offered in summer 2013. A review of all other [REDACTED] Community Centres calendars for the summer of 2013 had the same result."

CRA Reply:

VUCS is bemused by CRA auditor's erroneous suggestion that our Environment program – Explore and Love Nature (Biodiversity for Earth) did not happen in August 2013. CRA auditor did not contact nor verify their findings from [REDACTED] Community Centre [REDACTED]. In fact, VUCS sent CRA auditor a copy of [REDACTED] letter of appreciation for our Biodiversity educational program (attached). Pictures of children in this Biodiversity program are posted in the linking children website. [REDACTED] [REDACTED] hired a Nutritionist for the program as well.

All community centres have deadlines in publishing in their brochure. According to [REDACTED] recreation director, they were not up to date with their website (voluntary). As for the other community centres and Catholic school (contacts), VUCS stated that we submitted proposals but only [REDACTED] accepted our proposal. We have communications with some of the community centres by emails as well. We suggest the CRA auditor review our VUCS report again.

VUCS reply-CRA Audit –appendix A (Nov 15/13)

CRA audit Analysis: Donations and Bank Account

i) It is not known to which bank account this payment will be deposited, as the Organization reportedly does not have a bank account. When queried about what bank account the \$400 donation would be deposited, Ms. Tham stated in the September 10, 2013 telephone call that the cheque has not been deposited yet and she paid the money to [REDACTED] Community Centre with a cheque from the Corporation account. This statement supports the concept that the Corporation conducts business on behalf of the Organization. When asked if the donor would receive a donation receipt for the \$400 donation, Ms. Tham indicated that she "supposed so because they would probably want one." Although there was no blank donation receipts or a process for issuing receipts.

VUCS Reply:

VUCS received two separate donations of \$300 and \$100 from two [REDACTED]. Also, [REDACTED] donated free airtime and they have not requested for a donation receipt. [REDACTED] also donated food and instruction free. VUCS reported during the audit interview on February 1, 2013 about VUCS has no bank account. In consultation with Accountant [REDACTED], he suggested that VUCS set up a new bank account for this Biodiversity project. Board Secretary Tham had advised Chair Cleese and was waiting for his response.

VUCS was not able to set up a bank account for this specific project - Biodiversity program in time for paying [REDACTED] Community centre for sponsoring children (lower socio economic backgrounds) in August 2013. So, the [REDACTED] paid the fees for sponsoring these children for the Biodiversity program. As mentioned earlier, [REDACTED] supports VUCS educational programs.

CRA audit analysis: [REDACTED]

ii) Review of the [REDACTED] list of events advertised in August 2013 could not locate advertising for the Biodiversity for Earth camp -

VUCS reply:

VUCS would be happy to provide email communications with [REDACTED] for their generous promotion (free) of our Biodiversity for Earth camp. The promotion was air in July 2013. Our Biodiversity program started in August 2013.

CRA audit analysis: Public Library and Biodiversity Website

"We are also offering free lessons on creating websites for children's Biodiversity for Earth project at Central Downtown Public Library - gave permission too use the computers in the children section".

CRA Audit Analysis: Vancouver Public Library

- i. A search of the Vancouver Central Public Library calendar of events did not reveal any events involving "biodiversity" or "creating websites".

VUCS reply: Biodiversity and Website

Programs are offered - but requires enrollment from students. Preference is given to students who have taken the "Explore and Love Nature" program. We have some interests but we also have to recruit young adults (with experience in Science and Computer) to coach the younger children. VUCS had permission from Downtown Library and they suggested Saturday morning, which is less used. Therefore, it is not necessary to be listed in the Library's calendar of events, as we have not set dates. Downtown Central library offers more computers and bigger resources.

Due to convenience of Strathcona Library to the children/youths living in Strathcona community, we are using Strathcona Library. We will also keep our options open to use other libraries depending on the communities we serve.

The emphasis is on the program- Biodiversity and Website. Vancouver Public Library is facilitating the children's need to use the library for computer and Internet access, and resources (books).

VUCS reply-CRA Audit -appendix A (Nov 15/13)

CRA audit: Donations, Sponsorships

"VUCS- [REDACTED] program - Environment: Biodiversity for Earth is made possible due to VUCS educational non-profit charitable status. We have received warm support and generosity from the communities at large - some donations, sponsorships, endorsements from bank, community centre, media, educational hours of research, planning, diligence and determination of Board members, particularly Ms. Tham.

CRA Analysis:

- i. This statement indicates that "some donations" have been received which indicates more than the one donation of \$400 previously discussed. Again, the concern is where the donations are being deposited as it has been stated that the Organization does not have a bank account.

VUCS Reply:

VUCS received two separate donations of \$300 and \$100 from two [REDACTED]. Also, [REDACTED] donated free airtime and they have not requested for a donation receipt. [REDACTED] also donated food and instruction free. VUCS reported during the audit interview on February 1, 2013 about VUCS has no bank account. In consultation with Accountant Thomas Tong, he suggested that VUCS set up a new bank account for this Biodiversity project. Board Secretary Tham had advised Chair Cleese and was waiting for his response.

VUCS Conclusion:

In conclusion, VUCS reply is that CRA Audit report by Ms. Terri Letchford does not provide solutions to a charitable organization that had undergone many challenges due to extraordinary circumstances. The intent of VUCS constitutions is to be progressive in advancing education, helping young persons to further their educational goals through scholarships, grants and raising funds to further these objectives.

Our current education purpose of promoting "peace education" falls under the same umbrella as one of our purposes - advancing education. As one graduate student said that our "Biodiversity for Earth" allows students "to apply and experience" their post-secondary education to practical teaching and experience working with young children and youths in the community. This is the advancement of education that VUC or the College offers.

VUCS Reply:

In June 2013, Accountant [REDACTED] suggested that Board Secretary Tham contacted CRA Auditor Terri Letchford to ask her about the voluntary revocation of our charitable status she recommended in our audit interview on February 1, 2013. VUCS Board Tham asked CRA auditor Letchford about the Board's request of what non-compliances as posed on VUCS – as per our drafted letter (not sent). During the discussions, Board Secretary Tham notified CRA Letchford about our Biodiversity educational program and our plans to continue to seek collaborations, sponsorships, affiliations and donations for our project. Our VUC website does promote donations and collaborations. CRA Auditor Letchford seemed proactive about our effort to do educational charitable activities; As such, we continued to pursue this Environment education – Biodiversity for Earth program in the communities. CRA Auditor Letchford asked us to keep her posted.

So, VUCS was positive and thus VUCS report of July 15, 2013 advising our Board and CRA Charity about our progress on our Environment program – Biodiversity for Earth (philosophy is peace education – harmony and peace in our interaction with the physical environment).

On September 11, 2011, Board Secretary received a call from Chair Cleese's staff advising Board Tham that Dr. Cleese had received a call from CRA Auditor Letchford about the signature on the new resolution filed in Registrar Societies - Victoria, B.C. CRA Auditor Letchford had harassed Dr. Cleese, accusing if Board Secretary of "forging his signature". This upset Board Secretary, as that was defamatory. When Letchford called Board Secretary Tham (very upset), Ms. Letchford did not apologize to Board Secretary Tham even she got the answer directly from Dr. Cleese that it was his signature. CRA Auditor Letchford continued her harassment with questions, which Board Secretary Tham and Accountant [REDACTED] already discussed during the audit interview in early February 2013 such as donations and Society (no bank account).

Due to the conduct of CRA Auditor, VUCS wrote a report on September 15, 2013 pointing out in the first paragraph about the defamatory remark on the signature of Dr. Derek Cleese.

Mar. 5. 2014 4:49PM



No. 5077 P. 24

VANCOUVER UNIVERSITY COLLEGES SOCIETY

550 Beatty Street

Vancouver, B.C. V6B 2L3

June 5, 2013

Charities Branch
Canadian Revenue Agency
Ottawa, Ontario

Dear Sirs:

Re: Voluntary Revocation: Vancouver University Colleges Society
BN 890795792RR0001

Please see the attached our letter of February 7, 2013 about the importance of our charitable status. An audit was done on February 1, 2013 by CRA.

VUCS was advised by CRA auditors to voluntarily revoke our charitable status. We would however like the opportunity in the future to be able to apply for a charitable status should the need arises in the future. Therefore, VUCS Board would like to know the reason for recommending voluntarily revocation of our charitable status. Please explain so VUCS can be in compliance accordingly.

Currently, we are promoting environment issues (Biodiversity for Earth) in local communities for children in the Lower mainland. We have applied for donations for this project. At this current time, we have not heard from these prospective donors. What would happen if the donations do come forth?

Thank you.

Yours truly,

Board,
Vancouver University Colleges Society

Year 2007-2008

August 18 - email from [REDACTED]

"our board did ask about the possibility of both institutions merging".

September 11 -email L tham to [REDACTED] advising him that "for the month of November, I will try to arrange a meeting with [REDACTED] with Tong, Cleese, Lucas, Rodgers et al.

September or later - possibility of merging with [REDACTED] and meeting with Singapore cohort in Vancouver BC in November or later.

November 2007 –

Meeting with president [REDACTED]

[REDACTED] College representatives Meselu Gebrehiwot (VUCS Board living in [REDACTED] at that time) and Lola Tham attended [REDACTED] meeting in Washington, DC.

At Washington DC, [REDACTED] advised us that [REDACTED] had entered a Memorandum of Understanding (agreement) with [REDACTED] of Singapore cohort. As per Article of Articulation with [REDACTED] we asked President [REDACTED] to deal also with other cohorts in Nepal, Pakistan, UK, etc. That [REDACTED] be responsible for past, present or future students of Vancouver University. It would also be nice if they could have a scholarship in honour of Dr. Rodgers for his contributions.

Year 2008

On Jan 31, 2008, VUC received an email from [REDACTED] in Pakistan. This email was forwarded to [REDACTED]. Counsel Clark Roberts wrote to [REDACTED] advising them that VUC cannot issue order due to Supreme court decision. (See attached letter to [REDACTED] from counsel Clark).

We kept the "Worldwide Vancouver University" website so cohorts, former or current students could refer to [REDACTED] and also know it is an archival website in British Columbia as stated in front page. Also, for promoting theology and ethics (peace education), etc. – hope to get collaborations or affiliations. Copies provided at CRA Charity audit meeting on Feb 1/13.

VUCS events from 2007

Year 2008

College VUC Board members safety and concerns

- Canadian Board members were served with notices from BC Advanced Education – May 1 Supreme court order to [REDACTED]-VUCS to stop conferring degrees in B.C.

- Pakistan and other cohorts' situations, etc

May - Europe trip: London, England, others - Plans

- considering an office in Europe or others (Dr. Rodgers was considering this option through counsel recommendation;

- contacting London cohort (theology) and new European Board members;

- IU Vienna visit but was cancelled as [REDACTED] was not available.

Restoration work and Storage

January -April –

Restoration work at Beatty campus

- Contractor negligence - drain blockage and refuse to rectify problem - so had to apply to small claims court. Problem was not solved until 2010.

April - return of College belongings from storage

Most of the college stuff in boxes were still unpacked, unorganized and stacked high up.

Mishaps during restoration work at College premises –

During the restoration of College premises, Ms Tham [REDACTED]

VUCS events from 2007

Theology Program exempt from BC DAA Act

- Since theology is exempted from Degree Authority Act (DAA - enacted in 2002), our institution pursued theology organizations for affiliations or collaborations locally, United States and internationally. Our collaborating organization [REDACTED] was a Christian organization

- Peace education in Theology and Ethics, and Montessori Pedagogy was already in the website [REDACTED]

[REDACTED] Therefore, the new purpose of VUCS is another extension of advancing education under Theology and Ethics, Montessori pedagogy, Environment and others.

MATTERS PERTAINING TO THE SOCIETY AND CORPORATION

- requires accounting and legal counsel

d. Failure to Devote Resources to its own Charitable Activities

██████████-VUC – the "College" Consortium office/facility is at Beatty campus, Vancouver BC since 1988.
(counsel)

The College leased the space at Beatty Property (aka "the Property") in 1988. The Beatty Property was purchased in 1990 for College business under the Corporation and Society (Board's approval). The College had to assume an existing high mortgage for the Beatty Property. Unfortunately, the College at that time endured hardship - so the Property was to be sold for non-payment of taxes, lien and difficulty in paying mortgage payments.

The Society Board at that time agreed to transfer the Society's share of the Property to the Corporation since Dr. Rodgers was bearing the costs of these outstanding payments (taxes, mortgage payments, etc) of the Property. The Property continued to be used for College business.

Dr. Rodgers mortgaged his ██████████ property to assist the College payments during hardship in 1995. In 1997, Dr. Rodgers sold his ██████████ property to pay for outstanding College payments and invested the rest for the College ventures.

In 2001, ██████████ the Corporation property was transferred to Raymond and Lola Rodgers. Basically, Dr. Rodgers sold his ██████████ property and in return, the Rodgers were reimbursed back previous loans to the College during the College's hardship years by transferring the Beatty Property from the Corporation.

The Beatty Property continued to be used for College business. The College pays basic rent of \$1 per year and additional rent - all operating expenses including strata fees, maintenance and repairs, property taxes, insurance, utilities, communications (telephone, internet, cable,), cleaning, tenant's improvements, etc. Since 2001, the College was financially responsible to pay the operating expenses. These operating expenses incurred are for the use of the Beatty Property for College business including College campus including office and community resource centre (Montessori, Theology Environment and others).

Counsel – accounting and legal

VUCS reply-Feb 10/14

██████████ Corporation (counsel)

The Corporation was established in 1983 as per Dr. Rodgers correspondence with CRA dated August 7, 1983:

CRA Charity Audit quoted as follows: "We have also established New Summits College Corporation under the Companies Act for the purpose of printing the College's diplomas. By an anomaly in the legislation a provision of the Societies Act forbids a Society from issuing diplomas. Accordingly, counsel has advised the establishment to accomplish this end".

VUCS reply: The above statements show the transparency of our College (Corporation and Society). CRA is fully aware of our operations - CRA confirmation letters stated that VUCS is registered as a charitable society in 1983, 1993, 2002 and 2013.

The GVV Corporation Bank accounts reimburse expenses for College business since there is no Society bank account. The ██████████ is not a charitable society and we are wondering why CRA Auditor Letchford, working on behalf of CRA Charity, is given the authority to search into the ██████████ account without consent. This may cause some legal issue - their need to be some justification for her actions.

Accountant ██████████ is assigned to do the College accounts - ██████████ account is also paying College expenses as mentioned above.

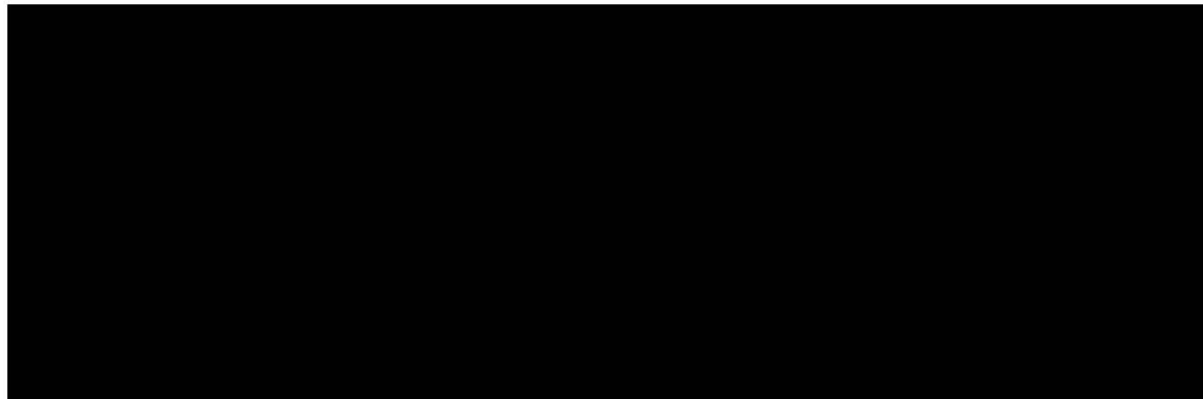
CRA Charity Audit: 2. Payments to Non-qualified Donees/Conferring
Personal Undue Benefits (counsel)

VUCS reply:

██████████ The Corporation funds have been used to reimburse College expenses. The Beatty property is being used for College business and the College pays the operating expenses for the Property.

Dr. Rodgers and Ms. Tham assisted the College during hardship years.

Dr. Rodgers financed his ██████████ property and later sold it to pay College expenses and invested in College business. The College pays the Property operating expenses and reimbursed the Rodgers when financially able to.



CRA Charity Audit: 3. Failure to maintain adequate books and records.

VUCS reply: (counsel)

The Society is 30 years old. The Society Board members were split in 1988 between the [REDACTED] - now a different name) at Oakridge Vancouver, B.C. and the College Board so files could have been missing. The majority of [REDACTED] Board and VUCS members (1988) are deceased or no longer involved making record finding more difficult.

The College Beatty premises had a flood and restoration period from January 1, 2007 to May 2008. The drain problem was resolved in 2009. Secondly, the College stuff were packed for storage for restoration work and returned by third parties unsorted, unorganized and later stacked high. This made it heavy and difficult to sort and organize.

See VUCS letter reporting on audit on February 7, 2013 on what the Auditors took copies with them.

(Counsel)

CRA Charity audit: Corporation Bank statements – College expenses

"It was stated no books and records exist; however, bank statements were obtained during the audit for an account that was acknowledged by the Director as recording the "College expenses";

VUCS reply:

The Society per se does not have a bank account. We do not understand nor recall making the above statement. The bank statements were not in Society's name.

We did not say that the College was not active [REDACTED] in 2007.

We informed CRA auditors during the audit on February 1, 2013 that we have transferred our degree programs (since VUC Worldwide cannot confer degrees in B.C. under court order of May 1, 2007) to [REDACTED] [REDACTED] as per Memorandum of Understanding.

Due to extraordinary and unforeseen circumstances, we were operating on a low-key basis and later in recovery stage including collaboration with [REDACTED] (US) and others. The Society has Board members in U.S. as well.

[REDACTED] (corporation) bank account also supports the operations and maintains the College expenses.

VUCS reply-Feb 10/14

CRA Charity audit: Corporation (counsel)

- "materials dispositions of Organization assets were not reported in 1993"
- "material amounts of revenue appear not to be reported, as per the Organization's bank account;"
- "The Corporation transacts business on behalf of the Organization and neither entity reports the activity;

VUCS reply:

In response to the above, The Society per se does not have a bank account.

The Corporation is paying the College expenses.

Board Secretary [REDACTED] was passive in College matters
[REDACTED]

However, we had provided CRA auditors with a letter dated 1993 about the circumstances and how College expenses were paid at that time. Due to lack of manpower and resources,

Dr. Rodgers had intention to file but was probably swarmed with keeping the College alive.

Accountant [REDACTED] and counsel are being assigned to deal with the above matter.

CRA Charity audit: (counsel)

"It is our view that the Organization's books and records are not sufficient to support the Organization's actual activities or to demonstrate that the Organization is involved in charitable activities. Also, given the inconsistencies noted with the Board, it does not appear the Organization has a Board that is active or responsible for establishing and maintaining an adequate internal control structure that minimizes the risks associated with any assets, and prevents or defects error and fraud.

Therefore, it is determined that the Organization failed to maintain adequate books and records as required under subsection 230(2) of the Act. Under paragraph 158(1) (e) of the Act, the Minister, may, by registered mail, give notice to the charity that she proposes to revoke its registration because it fails to comply with or contravenes any sections 230 to 231.5 of this Act. For this reason alone there are grounds for revocation of the Organization's registered status."

CRA Charity audit: Society and Corporation (counsel)

- Failure to file T3010, Registered Charity information return in prescribed form Subsection 19.1(14) of the Act says that every registered charity shall, within six months, from the end of each taxation year of the charity, file with the Minister both an information return and a public information return for the year, each in prescribed form and containing prescribed information, without notice or demand therefore.

- It is the responsibility of the Organization to ensure that the information provided in its return, schedules and statements is factual and complete in every respect. A charity is not meeting its requirements to file an Information Return in prescribed form if it fails to exercise due care with respect to ensuring the accuracy thereof.

CRA Charity audit:

- "Our audit revealed that the Organization made the following errors or omissions on the 2010 and 2011 T3010s"
- "The statement that the disbursements from the Corporation's bank account are the College expenses indicates that the T30010 for the fiscal years ended 2010 and 2011 are not completed properly as no expenses are reported in either year."

VUCS reply:

As mentioned, Board Secretary took over College matters under extraordinary and unforeseen circumstances [REDACTED] as per attached "Events after 2007". VUCS merely reflected that the Society per se do not have a bank account and thus used previous years filings as a sample for CRA Charity returns [REDACTED]

[REDACTED] Other Board members were operating on a low-key basis due to extraordinary and unforeseen circumstances as mentioned. Chair Cleese was aware of Ms. Tham's grief, [REDACTED]

Vancouver University Colleges Society

Comments on Representations received March 5, 2014

The audit conducted by the Canada Revenue Agency (CRA) identified that Vancouver University Colleges Society (the Organization):

- is not constituted for exclusively charitable purposes;
- did not devote its resources to charitable purposes and activities that it carried on itself;
- conferred personal undue benefits;
- failed to maintain adequate books and records; and
- failed to file an information return in prescribed form.

We have reviewed the Organization's submissions dated February 10, 2014 (received March 5, 2014) and we maintain our position that the non-compliance issues identified during our audit represent a serious breach of the requirements of the *Income Tax Act* and that, as a result of this non-compliance, the Organization's registration should be revoked.

A main theme in the Organization's representations is that the current Board is not aware of what happened in the past; however, our records indicate that Ms. Tham, Board Secretary and representative during the audit interview:

- i. Signed letters to "Revenue Canada Taxation" in her position as Board Secretary in April and June 1988;
- ii. Is on the list titled "Regular Governors of the Society" for 1994-95 in an annual report authored by Dr. Rodgers;
- iii. Signed a memo to CRA on April 25, 2005 as the Registrar and Secretary;
- iv. Signed a letter to Charities Directorate in March 2006 as Board Secretary;
- v. Is listed as a Director on the annual Society report to the Province of B.C. and/or the T3010 Directors' list in 1996, 2000, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010; 2011; and, 2012. The lists also report that Ms. Tham has been on the Organization's Board since 1988;
- vi. Signed the financial statements attached to the T3010 in 2002, 2004 and 2010;
- vii. Prepared the T3010 in 2008, 2009, 2010, 2011, and 2012.

These documents indicate that Ms. Tham has been involved with the Organization's operations since at least 1988 until the present and is in a position to address CRA queries. Additionally, the representations state the Board communicates via electronic means and would therefore be in a position to respond to CRA's queries.

Furthermore, with respect to the discussion surrounding voluntary revocation due to the Organization's inactivity during our initial interview, Ms. Tham dismissed that as an option because she named the charity "in her will". Then a written request for

voluntary revocation was received at the same time Ms. Tham was discussing the new program Biodiversity for children. As the audit progressed and more information became available, it became apparent that the level of non-compliance was such that voluntary revocation could no longer be considered for the Organization.

1. Failure to meet the requirements for registration

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 thereof¹. Our audit identified serious concerns with regard to the former and current activities being undertaken by the Organization, as well as with the Organization's books and records.

Our audit revealed the Organization was not constituted for exclusively charitable purposes as it added a new purpose which we found to be broad and vague in its wording and not considered charitable at law; when it engaged in activities, the activities were prohibited; that it conferred undue benefits; and that the Organization has been relatively inactive.

a) Organization's purposes

The Organization added a purpose (d) after our February 2013 audit field visit and initial interview. The additional purpose (d) dated June 27, 2013 is:

- (d) To promote peace education locally and worldwide through Montessori pedagogy, theology and ethics, environment (Biodiversity, etc.), recreation and cultural acceptance.

The Organization's representations included many references to a new program to teach children about biodiversity, an activity not supported by the Organization's approved purposes, which were to establish and maintain a college and provide scholarships to students.

As outlined in Appendix "A" of our November 15, 2013 letter, our review of the [REDACTED] Community Centre calendar of summer activities did not list the biodiversity program as being offered in summer 2013 nor did any other Vancouver Community Centres calendars. In that same letter, we also queried which bank account the funds raised to sponsor children in this program would be deposited into as the Organization does not have a bank account and that our review of the [REDACTED] list of events advertised could not locate advertising for the biodiversity program.

Additionally, as stated in our previous letter, it appears the above amendment to the Constitution was not passed according to the Organization's By-Laws. No information was supplied in the representations to address our findings with respect to the legal status of the amendment.

¹ *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)

Conversations with the Board Chair on May 15, 2012 and September 10, 2013, support our findings. The Board Chair said that he has never attended a meeting or been in discussions with anyone else about the charity except Ms. Tham; has never had access to any of the Organization's financials; thought the "Chair" was an honorary position; and only signed documents when Ms. Tham [REDACTED] presented documents for his signature. When queried, Ms. Tham assured the Chair that the papers were okay, that they are from the accountant.

A conversation with another Board member on May 7, 2012 supports our findings that the Board is inactive. The Board member stated she was unaware she was listed as a director of this Organization. She said that eleven years ago she knew Dr. Rogers and they had a casual conversation about it, but she never signed anything. She also added that she has never seen any board letters or correspondence and has never attended any meetings.

It seems the Organization hopes to use the shell of the original organization and change its purpose to what the new activities are intended to be, rather than closing this Organization and applying for charitable status with the new purpose. This is supported by a statement made by Ms. Tham during the audit interview that she needs the charity to remain registered [REDACTED]

Our concern regarding the amended purpose remain as the new purpose is broad and vague in its wording, is not considered to be charitable at law and was not properly approved according to the Organization's By-Laws. Therefore the Organization is not constituted for exclusively charitable purposes. The Organization's representations have not demonstrated that its purposes are charitable under the current legislative and common law requirements.

b) Prohibited activities

In addition to the activities undertaken, an organization must continue to meet all registration requirements in order to retain their registered status. These requirements include not being involved in prohibited or illegal activities. Activities that are illegal in Canada or contrary to Canadian public policy are prohibited and can lead to the loss of an organization's charitable registration.

The Organization's representations do not change our audit findings that the Organization engaged in activities in contravention of *the British Columbia University Act* and *Degree Authorization Act* until the Supreme Court of British Columbia issued an injunction in May 2007² ordering the Organization to cease issuing and conferring degrees and to cease advertising its certificates, diplomas or degrees as being available for a fee.

² 2007 BCSC 583 *Minister of Advanced Education v. Rodgers et al.*

This British Columbia Supreme Court case summary confirms the Organization was operating contrary to British Columbia law since its incorporation and was involved in activities contrary to British Columbia law and public policy and therefore does not meet the requirements for continued registration.

c) Failure to devote resources to its own charitable activities

Per our previous letter, we revealed that:

- i. The Organization and [REDACTED] (the Corporation) are not at arm's-length;
- ii. Dr. Rodgers was the [REDACTED] President of the Organization until [REDACTED] June 2007;
- iii. Ms. Tham then assumed the responsibilities for both organizations; and,
- iv. The Corporation transacts business on behalf of the Organization.

And, our finding that the activities of the Organization and the Corporation are co-mingled as follows:

- i. Ms. Tham stated that the Organization "delivered the programs" and the Corporation "granted the degrees" – that they "existed together";
- ii. No legal document or business agreement was provided or located to clarify this relationship;
- iii. Ms. Tham stated in the audit interview that the Organization does not have a bank account;
- iv. Ms. Tham then stated in a written statement dated July 31, 2013 to a CRA Appeals Officer that payments paid out of the Corporation bank account are "College expenses"; therefore, we consider the funds set aside and disbursements paid from the Corporation's bank to belong to the Organization;
- v. Copies of bank statements for three accounts in the name of [REDACTED] [REDACTED] trust account, CAD account, USD account) show that the Trust account transferred funds totalling \$76,280 in fiscal years 2008 to 2010 to the Corporation's operating account;
- vi. More than \$92,000 was disbursed from the Corporation operating account In fiscal years 2008 - 2010 for the benefit of Ms. Tham through payments of strata fees for real property in her name, car payments, payments on credit cards and transfers to her personal account;
- vii. The Organization or the Corporation did not report any of this financial activity; and,
- viii. The Corporation is not a qualified donee for purposes of the Act;

The Organization's representations do not alter our position that the Organization's funds were not used to accomplish charitable activities, that any business the Corporation transacted on behalf of this Organization appears to be underreported by one or both parties and the various statements made verbally and in writing contradict one another as to whom is engaged in activities and thusly should be reporting the activities.

d) Payments to non-qualified donees/Conferring Personal Undue Benefits

Our audit discovered that a number of personal expenditures appear to have been paid to Ms. Tham directly or for expenses paid in her name such as strata fees, car payments, credit card payments and other disbursements. Per our previous letter, we also revealed the Organization transferred its half interest in the Organization's office to the Corporation.

The Organization's unsubstantiated representations state that Dr. Rodgers helped the Organization financially and the transfer of the office from the Organization to the Corporation and then from the Corporation to Dr. Rodgers and Ms. Tham personally was to reimburse funds provided to the Organization by Dr. Rodgers during times of hardship. It was also stated that the "Corporation funds have been used to reimburse [Organization] expenses. The [office] is being used for [Organization] business and the [Organization] pays the operating expenses for the property".³ It is noted that no amounts payable were ever reported on the T3010 *Registered Charity Information Return* from fiscal year ending 2000 onward nor was the disposition of real property from the Organization to the Corporation or the disposition from the Corporation to Dr. Rodgers and Ms. Tham reported.

The representations do not change our position that funds identified as belonging to the Organization by Ms. Tham were paid for the personal benefit of Ms. Tham and that real property in the name of the Organization was transferred to the Corporation and then from the Corporation to Dr. Rodgers and Ms. Tham personally.

e) Inactive status

The Organization's representations do not change our audit findings that:

- i. The Organization itself has not reported any financial activity on its T3010 since 1992 with the exception of \$100 revenue and expenses reported in 2000 and 2004, although the T3010 indicates the Organization is active;
- ii. The Organization did not hold annual board meetings⁴;
- iii. The Organization did not maintain a college in which instruction was offered during the audit period (per their approved purpose);
- iv. No students received instruction or scholarships, bursaries and other grants of like nature to assist them in furthering their education during the audit period (per their approved purposes); and,
- v. The Organization did not receive a gift to achieve its first two purposes and no donation receipts were reportedly issued by the Organization.

³ Refer to Pt. 1 of the Organization's representations, pg. 26

⁴ The auditor contacted two directors, one said "they were unaware they are listed as being on the Board" and the other said "it was just an honorary position". Neither had ever attended meetings nor reviewed any financial statements or Board or Organization correspondence.

We remain of the position that the Organization has failed to demonstrate it meets the test for continued registration under subsection 149.1(1) of the Act as a charitable organization operated exclusively for charitable purpose. It is our position the Organization's purposes are not exclusively charitable; that no charitable activity has been conducted since 2007; that activities purportedly conducted in the past were prohibited by the *British Columbia University Act* and the *Authorization Act*; resources were transferred to a non-qualified donee and to benefit the director; and finally, that the Organization failed to devote resources to its own activities. Under paragraph 168(1)(b) of the Act, the Minister may, by registered mail, give notice to the charity that she proposes to revoke its registration because it fails to comply with the requirements of this Act for its registration as such. For this reason alone there are grounds for revocation of the Organization's registered status under paragraph 168(1)(b) of the Act.

2. Failure to maintain adequate books and records

It is still our view that the Organization's books and records are not sufficient to support the Organization's actual activities or to demonstrate that the Organization is involved in charitable activities. The Organization's representations do not present any new information which addressed, and which therefore may have changed, the following audit findings:

- i. It was stated no books and records exist; however, bank statements were obtained during the audit for an account that was acknowledged by the Director as recording the "College expenses";
- ii. It was stated that the Organization was not active after [REDACTED] 2007; however, the activity in the bank accounts do not support that statement;
- iii. Material dispositions of Organization assets were not reported in 1993;
- iv. Material amounts of activity appear not to be reported, as per the Organization's bank account;
- v. The Corporation transacts business on behalf of the Organization and neither entity reports the activity;
- vi. The Organization operated under numerous pseudonyms;
- vii. The complex and opaque organizational structure makes it difficult to clearly identify which entity is involved in what activity;
- viii. No donation receipts were reportedly issued and no sample donation receipt was available;
- ix. The T3010, *Registered Charity Information Returns* are not completed correctly; and
- x. The books and records, organizational structure and methods of operation appear to be set-up for the benefit of Dr. Rodgers [REDACTED] and/or Ms. Tham.

Furthermore, it is our conclusion the Organization does not have a Board that is active or responsible for establishing and maintaining an adequate internal control structure that minimizes the risks associated with any misstatement in the financial reporting of the organization, safeguards the organization's assets, and prevents or detects error and fraud.

Accordingly, it is our position the Organization contravened section 230 of the Act for failing to maintain complete records to verify the information contained within its *Registered Charity Information Return*, Form T3010 and its financial statements. For this reason alone, there are grounds for revocation of the charitable status of the Organization under paragraph 168(1)(e) of the Act.

3. Failure to file an information return in prescribed form

The Organization's representations do not present any new information which addressed, and which therefore may have changed, the audit findings that the T3010 *Registered Charity Information Returns* for fiscal years ended 2010 and 2011 contained the errors or omissions noted in our previous letter.

It is our position that the Organization has failed to comply with and has contravened to subsection 149.1(2) of the Act. Under paragraph 168(1)(c) of the Act, the Minister may, by registered mail, give notice to the charity that she proposes to revoke its registration because it fails to file an information return as and when required under the Act or a Regulation. For this reason alone there are grounds for revocation of the Organization's registered status under paragraph 168(1)(c) of the Act.

Section 149.1 Qualified Donees

149.1(2) Revocation of registration of charitable organization

The Minister may, in the manner described in section 168, revoke the registration of a charitable organization for any reason described in subsection 168(1) or where the organization

- (a) carries on a business that is not a related business of that charity; or
- (b) fails to expend in any taxation year, on charitable activities carried on by it and by way of gifts made by it to qualified donees, amounts the total of which is at least equal to the organization's disbursement quota for that year.

149.1(3) Revocation of registration of public foundation

The Minister may, in the manner described in section 168, revoke the registration of a public foundation for any reason described in subsection 168(1) or where the foundation

- (a) carries on a business that is not a related business of that charity;
- (b) fails to expend in any taxation year, on charitable activities carried on by it and by way of gifts made by it to qualified donees, amounts the total of which is at least equal to the foundation's disbursement quota for that year;
- (c) since June 1, 1950, acquired control of any corporation;
- (d) since June 1, 1950, incurred debts, other than debts for current operating expenses, debts incurred in connection with the purchase and sale of investments and debts incurred in the course of administering charitable activities; or
- (e) at any time within the 24 month period preceding the day on which notice is given to the foundation by the minister pursuant to subsection 168(1) and at a time when the foundation was a private foundation, took any action or failed to expend amounts such that the Minister was entitled, pursuant to subsection (4), to revoke its registration as a private foundation.

149.1(4) Revocation of registration of private foundation

The Minister may, in the manner described in section 168, revoke the registration of a private foundation for any reason described in subsection 168(1) or where the foundation

- (a) carries on any business;
- (b) fails to expend in any taxation year, on charitable activities carried on by it and by way of gifts made by it to qualified donees, amounts the total of which is at least equal to the foundation's disbursement quota for that year;
- (c) has, in respect of a class of shares of the capital stock of a corporation, a divestment obligation percentage at the end of any taxation year;
- (d) since June 1, 1950, incurred debts, other than debts for current operating expenses, debts incurred in connection with the purchase and sale of investments and debts incurred in the course of administering charitable activities.

149.1(4.1) Revocation of registration of registered charity

The Minister may, in the manner described in section 168, revoke the registration

- (a) of a registered charity, if it has entered into a transaction (including a gift to another registered charity) and it may reasonably be considered that a purpose of the transaction was to avoid or unduly delay the expenditure of amounts on charitable activities;
- (b) of a registered charity, if it may reasonably be considered that a purpose of entering into a transaction (including the acceptance of a gift) with another registered charity to which paragraph (a) applies was to assist the other registered charity in avoiding or unduly delaying the expenditure of amounts on charitable activities;
- (c) of a registered charity, if a false statement, within the meaning assigned by subsection 163.2(1), was made in circumstances amounting to culpable conduct, within the meaning assigned by that subsection, in the furnishing of information for the purpose of obtaining registration of the charity;
- (d) of a registered charity, if it has in a taxation year received a gift of property (other than a designated gift) from another registered charity with which it does not deal at arm's length and it has expended, before the end of the next taxation year, in addition to its disbursement quota for each of those taxation years, an amount that is less than the fair market value of the property, on charitable activities carried on by it or by way of gifts made to qualified donees with which it deals at arm's length; and
- (e) of a registered charity, if an ineligible individual is a director, trustee, officer or like official of the charity, or controls or manages the charity, directly or indirectly, in any manner whatever.

Section 168:

Revocation of Registration of Certain Organizations and Associations

168(1) Notice of intention to revoke registration

Where a registered charity or a registered Canadian amateur athletic association

- (a) applies to the Minister in writing for revocation of its registration,
- (b) ceases to comply with the requirements of this Act for its registration as such,
- (c) fails to file an information return as and when required under this Act or a regulation,
- (d) issues a receipt for a gift or donation otherwise than in accordance with this Act and the regulations or that contains false information,
- (e) fails to comply with or contravenes any of sections 230 to 231.5, or
- (f) in the case of a registered Canadian amateur athletic association, accepts a gift or donation the granting of which was expressly or impliedly conditional on the association making a gift or donation to another person, club, society or association,

the Minister may, by registered mail, give notice to the registered charity or registered Canadian amateur athletic association that the Minister proposes to revoke its registration.

168(2) Revocation of Registration

Where the Minister gives notice under subsection (1) to a registered charity or to a registered Canadian amateur athletic association,

- (a) if the charity or association has applied to the Minister in writing for the revocation of its registration, the Minister shall, forthwith after the mailing of the notice, publish a copy of the notice in the *Canada Gazette*, and
- (b) in any other case, the Minister may, after the expiration of 30 days from the day of mailing of the notice, or after the expiration of such extended period from the day of mailing of the notice as the Federal Court of Appeal or a judge of that Court, on application made at any time before the determination of any appeal pursuant to subsection 172(3) from the giving of the notice, may fix or allow, publish a copy of the notice in the *Canada Gazette*,

and on that publication of a copy of the notice, the registration of the charity or association is revoked.

168(4) Objection to proposal or designation

A person may, on or before the day that is 90 days after the day on which the notice was mailed, serve on the Minister a written notice of objection in the manner authorized by the Minister, setting out the reasons for the objection and all the relevant facts, and the provisions of subsections 165(1), (1.1) and (3) to (7) and sections 166, 166.1 and 166.2 apply, with any modifications that the circumstances require, as if the notice were a notice of assessment made under section 152, if

- (a) in the case of a person that is or was registered as a registered charity or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(2) to (4.1), (6.3), (22) and (23);
- (b) in the case of a person that is or was registered as a registered Canadian amateur athletic association or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(4.2) and (22); or
- (c) in the case of a person described in any of subparagraphs (a)(i) to (v) of the definition "qualified donee" in subsection 149.1(1), that is or was registered by the Minister as a qualified donee or is an applicant for such registration, it objects to a notice under any of subsections (1) and 149.1(4.3) and (22).

172(3) Appeal from refusal to register, revocation of registration, etc.

Where the Minister

- (a) confirms a proposal or decision in respect of which a notice was issued under any of subsections 149.1(4.2) and (22) and 168(1) by the Minister, to a person that is or was registered as a registered Canadian amateur athletic association or is an applicant for registration as a registered Canadian amateur athletic association, or does not confirm or vacate that proposal or decision within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal or decision,
- (a.1) confirms a proposal, decision or designation in respect of which a notice was issued by the Minister to a person that is or was registered as a registered charity, or is an applicant for registration as a registered charity, under any of subsections 149.1(2) to (4.1), (6.3), (22) and (23) and 168(1), or does not confirm or vacate that

proposal, decision or designation within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal, decision or designation,

- (a.2) confirms a proposal or decision in respect of which a notice was issued under any of subsections 149.1(4.3), (22) and 168(1) by the Minister, to a person that is a person described in any of subparagraphs (a)(i) to (v) of the definition "qualified donee" in subsection 149.1(1) that is or was registered by the Minister as a qualified donee or is an applicant for such registration, or does not confirm or vacate that proposal or decision within 90 days after service of a notice of objection by the person under subsection 168(4) in respect of that proposal or decision,
- (b) refuses to accept for registration for the purposes of this Act any retirement savings plan,
- (c) refuses to accept for registration for the purposes of this Act any profit sharing plan or revokes the registration of such a plan,
- (e) refuses to accept for registration for the purposes of this Act an education savings plan,
- (e.1) sends notice under subsection 146.1(12.1) to a promoter that the Minister proposes to revoke the registration of an education savings plan,
- (f) refuses to register for the purposes of this Act any pension plan or gives notice under subsection 147.1(11) to the administrator of a registered pension plan that the Minister proposes to revoke its registration,
- (f.1) refuses to accept an amendment to a registered pension plan, or
- (g) refuses to accept for registration for the purposes of this Act any retirement income fund,

the person in a case described in paragraph (a), (a.1) or (a.2), the applicant in a case described in paragraph (b), (e) or (g), a trustee under the plan or an employer of employees who are beneficiaries under the plan, in a case described in paragraph (c), the promoter in a case described in paragraph (e.1), or the administrator of the plan or an employer who participates in the plan, in a case described in paragraph (f) or (f.1), may appeal from the Minister's decision, or from the giving of the notice by the Minister, to the Federal Court of Appeal.

180(1) Appeals to Federal Court of Appeal

An appeal to the Federal Court of Appeal pursuant to subsection 172(3) may be instituted by filing a notice of appeal in the Court within 30 days from

- (a) the day on which the Minister notifies a person under subsection 165(3) of the Minister's action in respect of a notice of objection filed under subsection 168(4),
- (c) the mailing of notice to the administrator of the registered pension plan under subsection 147.1(11),
- (c.1) the sending of a notice to a promoter of a registered education savings plan under subsection 146.1(12.1), or
- (d) the time the decision of the Minister to refuse the application for acceptance of the amendment to the registered pension plan was mailed, or otherwise communicated in writing, by the Minister to any person,

as the case may be, or within such further time as the Court of Appeal or a judge thereof may, either before or after the expiration of those 30 days, fix or allow.

Section 188: Revocation tax

188(1) Deemed year-end on notice of revocation

If on a particular day the Minister issues a notice of intention to revoke the registration of a taxpayer as a registered charity under any of subsections 149.1(2) to (4.1) and 168(1) or it is determined, under subsection 7(1) of the Charities Registration (Security Information) Act, that a certificate served in respect of the charity under subsection 5(1) of that Act is reasonable on the basis of information and evidence available,

- (a) the taxation year of the charity that would otherwise have included that day is deemed to end at the end of that day;
- (b) a new taxation year of the charity is deemed to begin immediately after that day; and
- (c) for the purpose of determining the charity's fiscal period after that day, the charity is deemed not to have established a fiscal period before that day.

188(1.1) Revocation tax

A charity referred to in subsection (1) is liable to a tax, for its taxation year that is deemed to have ended, equal to the amount determined by the formula

$$A - B$$

where

A is the total of all amounts, each of which is

- (a) the fair market value of a property of the charity at the end of that taxation year,
- (b) the amount of an appropriation (within the meaning assigned by subsection (2) in respect of a property transferred to another person in the 120-day period that ended at the end of that taxation year, or
- (c) the income of the charity for its winding-up period, including gifts received by the charity in that period from any source and any income that would be computed under section 3 as if that period were a taxation year; and

B is the total of all amounts (other than the amount of an expenditure in respect of which a deduction has been made in computing income for the winding-up period under paragraph (c) of the description of A, each of which is

- (a) a debt of the charity that is outstanding at the end of that taxation year,
- (b) an expenditure made by the charity during the winding-up period on charitable activities carried on by it, or
- (c) an amount in respect of a property transferred by the charity during the winding-up period and not later than the latter of one year from the end of the taxation year and the day, if any, referred to in paragraph (1.2)(c) to a person that was at the time of the transfer an eligible donee in respect of the charity, equal to the amount, if any, by which the fair market value of the property, when transferred, exceeds the consideration given by the person for the transfer.

188(1.2) Winding-up period

In this Part, the winding-up period of a charity is the period, that begins immediately after the day on which the Minister issues a notice of intention to revoke the registration of a taxpayer as a registered charity under any of subsections 149.1(2) to (4.1) and 168(1) (or, if earlier, immediately after the day on which it is determined, under subsection 7(1) of the Charities Registration (Security Information) Act, that a certificate served in respect of the charity under subsection 5(1) of that Act is reasonable on the basis of information and evidence available), and that ends on the day that is the latest of

- (a) the day, if any, on which the charity files a return under subsection 189(6.1) for the taxation year deemed by subsection (1) to have ended, but not later than the day on which the charity is required to file that return,
- (b) the day on which the Minister last issues a notice of assessment of tax payable under subsection (1.1) for that taxation year by the charity, and
- (c) if the charity has filed a notice of objection or appeal in respect of that assessment, the day on which the Minister may take a collection action under section 225.1 in respect of that tax payable.

188(1.3) Eligible donee

In this Part, an eligible donee in respect of a particular charity is a registered charity

- (a) of which more than 50% of the members of the board of directors or trustees of the registered charity deal at arm's length with each member of the board of directors or trustees of the particular charity;
- (b) that is not the subject of a suspension under subsection 188.2(1);
- (c) that has no unpaid liabilities under this Act or under the Excise Tax Act;
- (d) that has filed all information returns required by subsection 149.1(14); and
- (e) that is not the subject of a certificate under subsection 5(1) of the Charities Registration (Security Information) Act or, if it is the subject of such a certificate, the certificate has been determined under subsection 7(1) of that Act not to be reasonable.

188(2) Shared liability — revocation tax

A person who, after the time that is 120 days before the end of the taxation year of a charity that is deemed by subsection (1) to have ended, receives property from the charity, is jointly and severally, or solidarily, liable with the charity for the tax payable under subsection (1.1) by the charity for that taxation year for an amount not exceeding the total of all appropriations, each of which is the amount by which the fair market value of such a property at the time it was so received by the person exceeds the consideration given by the person in respect of the property.

188(2.1) Non-application of revocation tax

Subsections (1) and (1.1) do not apply to a charity in respect of a notice of intention to revoke given under any of subsections 149.1(2) to (4.1) and 168(1) if the Minister abandons the intention and so notifies the charity or if

- (a) within the one-year period that begins immediately after the taxation year of the charity otherwise deemed by subsection (1) to have ended, the Minister has registered the charity as a charitable organization, private foundation or public foundation; and
- (b) the charity has, before the time that the Minister has so registered the charity,
 - (i) paid all amounts, each of which is an amount for which the charity is liable under this Act (other than subsection (1.1)) or the Excise Tax Act in respect of taxes, penalties and interest, and
 - (ii) filed all information returns required by or under this Act to be filed on or before that time.

188(3) Transfer of property tax

Where, as a result of a transaction or series of transactions, property owned by a registered charity that is a charitable foundation and having a net value greater than 50% of the net asset amount of the charitable foundation immediately before the transaction or series of transactions, as the case may be, is transferred before the end of a taxation year, directly or indirectly, to one or more charitable organizations and it may reasonably be considered that the main purpose of the transfer is to effect a reduction in the disbursement quota of the foundation, the foundation shall pay a tax under this Part for the year equal to the amount by which 25% of the net value of that property determined as of the day of its transfer exceeds the total of all amounts each of which is its tax payable under this subsection for a preceding taxation year in respect of the transaction or series of transactions.

188(3.1) Non-application of subsection (3)

Subsection (3) does not apply to a transfer that is a gift to which subsection 188.1(11) or (12) applies

188(4) Transfer of property tax

Where property has been transferred to a charitable organization in circumstances described in subsection (3) and it may reasonably be considered that the organization acted in concert with a charitable foundation for the purpose of reducing the disbursement quota of the foundation, the organization is jointly and severally liable with the foundation for the tax imposed on the foundation by that subsection in an amount not exceeding the net value of the property.

188(5) Definitions

In this section,

“net asset amount” of a charitable foundation at any time means the amount determined by the formula

$$A - B$$

where

A is the fair market value at that time of all the property owned by the foundation at that time, and

B is the total of all amounts each of which is the amount of a debt owing by or any other obligation of the foundation at that time;

“net value” of property owned by a charitable foundation, as of the day of its transfer, means the amount determined by the formula

$$A - B$$

Where

A is the fair market value of the property on that day, and

B is the amount of any consideration given to the foundation for the transfer.

189(6) Taxpayer to file return and pay tax

Every taxpayer who is liable to pay tax under this Part (except a charity that is liable to pay tax under section 188(1)) for a taxation year shall, on or before the day on or before which the taxpayer is, or would be if tax were payable by the taxpayer under Part I for the year, required to file a return of income or an information return under Part I for the year,

- (a) file with the Minister a return for the year in prescribed form and containing prescribed information, without notice or demand therefor;
- (b) estimate in the return the amount of tax payable by the taxpayer under this Part for the year; and
- (c) pay to the Receiver General the amount of tax payable by the taxpayer under this Part for the year.

189(6.1) Revoked charity to file returns

Every taxpayer who is liable to pay tax under subsection 188(1.1) for a taxation year shall, on or before the day that is one year from the end of the taxation year, and without notice or demand,

- (a) file with the Minister
 - (i) a return for the taxation year, in prescribed form and containing prescribed information, and
 - (ii) both an information return and a public information return for the taxation year, each in the form prescribed for the purpose of subsection 149.1(14); and
- (b) estimate in the return referred to in subparagraph (a)(i) the amount of tax payable by the taxpayer under subsection 188(1.1) for the taxation year; and
- (c) pay to the Receiver General the amount of tax payable by the taxpayer under subsection 188(1.1) for the taxation year.

189 (6.2) Reduction of revocation tax liability

If the Minister has, during the one-year period beginning immediately after the end of a taxation year of a person, assessed the person in respect of the person's liability for tax under subsection 188(1.1) for that taxation year, has not after that period reassessed the tax liability of the person, and that liability exceeds \$1,000, that liability is, at any particular time, reduced by the total of

(a) the amount, if any, by which

(i) the total of all amounts, each of which is an expenditure made by the charity, on charitable activities carried on by it, before the particular time and during the period (referred to in this subsection as the "post-assessment period") that begins immediately after a notice of the latest such assessment was sent and ends at the end of the one-year period

exceeds

(ii) the income of the charity for the post-assessment period, including gifts received by the charity in that period from any source and any income that would be computed under section 3 if that period were a taxation year, and

(b) all amounts, each of which is an amount, in respect of a property transferred by the charity before the particular time and during the post-assessment period to a person that was at the time of the transfer an eligible donee in respect of the charity, equal to the amount, if any, by which the fair market value of the property, when transferred, exceeds the consideration given by the person for the transfer.

189(6.3) Reduction of liability for penalties

If the Minister has assessed a particular person in respect of the particular person's liability for penalties under section 188.1 for a taxation year, and that liability exceeds \$1,000, that liability is, at any particular time, reduced by the total of all amounts, each of which is an amount, in respect of a property transferred by the particular person after the day on which the Minister first assessed that liability and before the particular time to another person that was at the time of the transfer an eligible donee in respect of the particular person, equal to the amount, if any, by which the fair market value of the property, when transferred, exceeds the total of

(a) the consideration given by the other person for the transfer, and

(b) the part of the amount in respect of the transfer that has resulted in a reduction of an amount otherwise payable under subsection 188(1.1).

189 (7) Minister may assess

Without limiting the authority of the Minister to revoke the registration of a registered charity or registered Canadian amateur athletic association, the Minister may also at any time assess a taxpayer in respect of any amount that a taxpayer is liable to pay under this Part.