



REGISTERED MAIL

Mr. Paul Tremblay
President Director
C.P.S. Charity Plus Society
Post Office Box 935, Station Main
Ladysmith BC V9G 1A6

BN: 88663 5283 RR0001
File #: 1050095

APR 26 2018

**Subject: Notice of intention to revoke
C.P.S. Charity Plus Society**

Dear Mr. Tremblay:

We are writing following our letter dated October 15, 2015 (copy enclosed), in which of C.P.S. Charity Plus Society (the Organization) was invited to respond to the findings of the audit conducted by the Canada Revenue Agency (CRA), and explain why the registration of 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 your written response dated November 20, 2015. Your reply has not alleviated our concerns with respect to the Organization's non-compliance with the requirements of the Act for registration as a charity. Our concerns are explained in Appendix A, attached.

Conclusion

The audit by the CRA found that the Organization is not complying with the requirements set out in the Act. In particular, it was found that the Organization failed to devote its resources to charitable activities; failed to be constituted for exclusively charitable purposes; provided a personal benefit to a proprietor, member, shareholder, trustee or settler; failed to maintain adequate books and records; issued official donation receipts not in accordance with the Act; and failed to file the Registered Charity Information Return as prescribed. For these reasons, it is the position of the CRA that the Organization no longer meets the requirements for charitable registration and should be revoked in the manner described in subsection 168(1) of the Act.

For each of the reasons mentioned in our letter dated October 15, 2015, pursuant to subsection 168(1) and subsection 149.1(2) of the Act, we 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), 168(1)(d), 168(1)(e), and subsection 149.1(2) of the Income Tax Act, that I propose to revoke the registration of the charity listed below and that by virtue of paragraph 168(2)(b) thereof, the revocation of registration is effective on the date of publication of this notice in the Canada Gazette.

Business number
886635283RR0001

Name
C.P.S. Charity Plus Society
Ladysmith, BC

Should the Organization choose 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, with 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 CRA 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 intention to revoke registration, can be found in Appendix B, attached.

Consequences of revocation

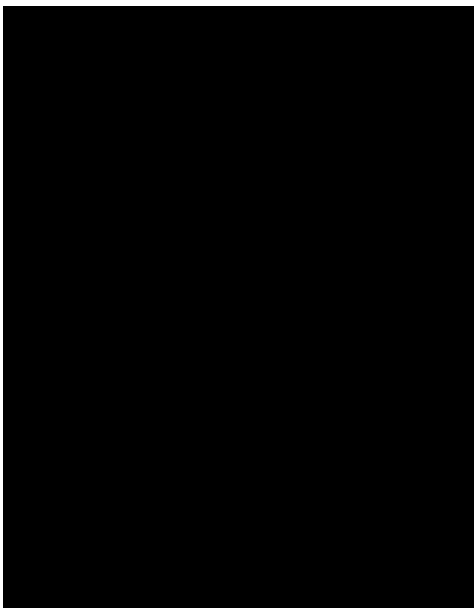
As of the effective date of revocation:

- 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;

Attachments:

- CRA letter dated October 15, 2015
- The Organization's response, dated November 20, 2015
- Appendix A, Comments on representations
- Appendix B, Relevant provisions of the Act

C.C.:





REGISTERED MAIL

October 15, 2015

C.P.S. Charity Plus Society
PO Box 935 Station Main
Ladysmith, BC V9G 1A6

BN: 88663 5283 RR0001
File: 1050095

Dear Mr. Tremblay:

Re: Audit of C.P.S. Charity Plus Society

This letter is further to the audit of the books and records of the C.P.S. Charity Plus Society (the Organization) conducted by the Canada Revenue Agency (CRA). The audit related to the operations of the Organization for the period from January 1, 2010 to December 31, 2012.

At our meeting of May 7, 2014, you were advised that the CRA has identified specific areas of non-compliance with the provisions of the *Income Tax Act* (Act) and/or its *Regulations* in the following areas:

AREAS OF NON-COMPLIANCE:		
	Issue	Reference
1.	The Failure of the Organization to Devote its Resources to Charitable Activities in Accordance with the Requirements of the Act	149.1(2), 168(1)(b)
2.	Failure to be Constituted for Exclusively Charitable Purposes	149.1(1), 168(1)(b)
3.	Providing a Personal Benefit to a Proprietor, Member, Shareholder, Trustee or Settler	149.1(1), 168(1)(b)
4.	Failure to Maintain Adequate Books and Records	230(2), 168(1)(e)
5.	Issuing Receipts not in Accordance with the Act and/or its Regulations	149.1(2), 68(1)(d), Reg. 3501
6.	Filing the Registered Charity Information Return as Prescribed	149.1(14)

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. A Registered Charity must comply with the law, failing which the Organization's registered

status may be revoked in the manner described in section 168 of the Act or subject to sanctions in the manner described in sections 188.1 and 188.2 of the Act. Each separate area of non-compliance outlined in this letter would provide grounds for revocation and/or sanction. The balance of this letter describes the identified areas of non-compliance in further detail.

General Legal Principles

In order to maintain charitable registration under the Act, Canadian law requires that an organization demonstrate that it is constituted exclusively for charitable purposes (or objects), and that it devotes its resources to charitable activities carried on by the organization itself in furtherance thereof.¹ To be exclusively charitable, a purpose must fall within one or more of the following four categories (also known as “heads”) of charity² and deliver a public benefit:

- relief of poverty (first category);
- advancement of education (second category);
- advancement of religion (third category); or
- certain other purposes beneficial to the community in a way the law regards as charitable (fourth category).

The public benefit requirement involves a two-part test:

- The first part of the test requires the delivery of a **benefit** that is recognizable and capable of being proved, and socially useful. To be recognizable and capable of being proved, a benefit must generally be tangible or objectively measurable. Benefits that are not tangible or objectively measurable must be shown to be valuable or approved by “the common understanding of

¹ See subsection 149.1(1) of the Act, which requires that a charitable organization devote all of its resources to “charitable activities carried on by the organization itself” except to the extent that an activity falls within the specific exemptions of subsections 149.1(6.1) or (6.2) of the Act relating to political activities, and *Vancouver Society of Immigrant and Visible Minority Women v. Minister of National Revenue*, [1999] 1 S.C.R. 10 (*Vancouver Society*) at paras. 155-159. A registered charity may also devote resources to activities that, while not charitable in and of themselves, are necessary to accomplish their charitable objectives (such as expenditures on fundraising and administration). However, any resources so devoted must be within acceptable legal parameters and the associated activities must not become ends in and of themselves.

² The Act does not define charity or what is charitable. The exception is subsection 149.1(1) which defines charitable purposes/objects as including “the disbursement of funds to qualified donees.” The CRA must therefore rely on the common law definition, which sets out four broad categories of charity. The four broad charitable purpose/object categories, also known as the four heads of charity, were outlined by Lord Macnaghten in *Commissioners for Special Purposes of the Income Tax v. Pemsel*, [1891] A.C. 531 (PC) (*Pemsel*). The classification approach was explicitly approved of by the Supreme Court of Canada in *Guaranty Trust Co. of Canada v. Minister of National Revenue*, [1967] S.C.R. 133, and confirmed in *Vancouver Society*, supra note 2.

enlightened opinion for the time being.”³ In most cases, the benefit should be a necessary and reasonably direct result of how the purpose will be achieved and of the activities that will be conducted to further the purpose, and reasonably achievable in the circumstances.⁴ An “assumed prospect or possibility of gain” that is vague, indescribable or uncertain, or incapable of proof, cannot be said to provide a charitable benefit.⁵

- The second part of the test requires the benefit be directed to the **public** or a sufficient section of the public. This means a charity cannot:
 - have an eligible beneficiary group that is negligible in size, or restricted based on criteria that are not justified based on the charitable purpose(s); or
 - provide an unacceptable private benefit. Typically, a private benefit is a benefit provided to a person or organization that is not a charitable beneficiary, or to a charitable beneficiary that exceeds the bounds of charity. A private benefit will usually be acceptable if it is incidental, meaning it is necessary, reasonable, and not disproportionate to the resulting public benefit.⁶

The question of whether an organization is constituted exclusively for charitable purposes cannot be determined solely by reference to its stated purposes, but must take into account the activities in which the organization currently engages. In *Vancouver Society of Immigrant and Visible Minority Women v. Minister of National Revenue*,⁷ the Supreme Court of Canada stated as follows:

³ See, generally, *Vancouver Society*, supra note 2 at para. 41 per Mr. Justice Gonthier (dissenting in the result); *Gilmour v. Coats et al.*, [1949] 1 All ER 848 (*Gilmour*); and *National Anti-Vivisection Society v. I.R.C.*, [1947] 2 All ER 217 (HL) (*National Anti-Vivisection Society*) per Lord Wright at p. 224.

⁴ See, for example, *In re Grove-Grady, Plowden v. Lawrence*, [1929] 1 Ch. 557 per Russell L.J. at p.588; *National Anti-Vivisection*, supra note 4 per Lord Wright at p. 49; *I.R.C. v. Oldham Training and Enterprise Council*, [1996] B.T.C. 539 (*Oldham*); and *Pemsel*, supra note 3 at p.583.

⁵ *National Anti-Vivisection Society*, supra note 4 per Lord Wright at p.49. See also, for example, *In re Shaw decd.*, [1957] 1 WLR 729; and *Gilmour*, supra note 4 per Lord Simonds at pp. 446-447.

⁶ See CRA Policy Statement CPS-024, *Guidelines for Registering a Charity: Meeting the Public Benefit Test* for more information about public benefit.

⁷ *Vancouver Society*, supra note 2 at para. 194. See also *A.Y.S.A. Amateur Youth Soccer Association v. Canada (Revenue Agency)* [2007] 3 S.C.R. 217 at para. 42.

“But the inquiry cannot stop there. In *Guaranty Trust, supra* at p.144, this Court expressed the view that the question of whether an organization was constituted exclusively for charitable purposes cannot be determined solely by reference to the objects and purposes for which it was originally established. It is also necessary to consider the nature of the activities presently carried on by the organization as a potential indicator of whether it has since adopted other purposes. In other words, as Lord Denning put it in *Institution of Mechanical Engineers v. Cane*, [1961] A.C. 696 (H.L.), at p. 723, the real question is, “for what purpose is the Society *at present* instituted?”

A charitable activity is one that directly furthers a charitable purpose, which requires a clear relationship and link between the activity and the purpose. If an activity is, or becomes, a substantial focus of an organization, it may no longer be in furtherance of a stated purpose. Instead, the activity may further, or even form, a separate or collateral purpose. An organization with a collateral non-charitable purpose is ineligible for registration under the Act.

To comply with the requirement that it devote all of its resources to charitable activities carried on by the organization itself; a registered charity may only use its resources (funds, personnel and/or property) in two ways:

- for its *own 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.⁸

A charity’s own charitable activities may be carried out by its directors, employees or volunteers, or through intermediaries (a person or non-qualified donee that is separate from the charity, but that the charity works with or through, such as an agent, contractor or partner). If acting through an intermediary, the charity must establish that the activity to be conducted will further its charitable purposes, and that it maintains continued direction and control over the activity and over the use of the resources it provides to the intermediary to carry out the activity on its behalf.⁹

⁸ A “qualified donee” means a donee described in subsection 149.1(1) of the Act. As per subsection 149.1(6)(b), a charitable organization shall be considered to be devoting its resources to charitable activities carried on by it to the extent that, in any taxation year, it disburses not more than 50% of its income for that year to qualified donees.

⁹ For more information, see CRA Guidance CG-002, *Canadian Registered Charities Carrying Out Activities Outside Canada* and Guidance CG-004, *Using an Intermediary to Carry Out Activities Within Canada*.

To summarize, the CRA must be satisfied that the Organization's purposes are exclusively charitable in law, and that its activities directly further these charitable purposes in a manner permitted under the Act. In making a determination, we are obliged to take into account all relevant information. Accordingly, the audit inquired into all aspects of the Organization's operations.

Background of the Organization

The Organization was incorporated under the British Columbia *Society Act* on December 16, 1994, and was registered as a charitable organization under the Act effective January 1, 1995. The Organization's current purposes are:

- A. To provide physical, psychological and financial help to needy people.
- B. To create a museum that would integrate an animal sanctuary, an ecological reserve, a farming facility and alternative housing for needy people.
- C. To establish recycling and merchandising facilities to benefit needy people.

The Organization's intended activities were to:

- Set up workshops, stores and public food banks staffed by workers who can help with needy people's needs that can be physical, psychological or financial.
- Convert 15 double decker buses into low-income alternative housing for needy people. The alternative housing will be put among the other exhibits of the museum and will form a harmonious relationship with the fauna, the birds, the fishes, the trees and the flora.
- Create an area on the property which would be used to gather, sort and recycle discarded material. Form a "poor people's bank" – the Organization would make small short term loans to needy people for very low interest rates.

The registration was based on the information supplied by the Organization and on the understanding that it would be carrying out the activities listed in its application.

Identified Areas of Non-Compliance

1. Failure Of the Organization To Devote Its Resources To Charitable Activities In Accordance With the Requirements of the Act

Based on the information disclosed during the audit, it is our opinion that the Organization is not substantially focused on charitable activities.

A charitable activity is one that directly furthers a charitable purpose - which requires a clear relationship and link between the activity and the purpose it purports to further. The stated purposes of the Organization all relate to relief of poverty. As such, we considered whether the Organization could potentially qualify under the charitable category of *relief of poverty*.

To relieve poverty in the charitable sense means providing relief to the poor. The poor are not simply the destitute, but anyone lacking essential amenities (i.e. food, clothing and other basic needs to individuals who are poor) available to the general public.¹⁰ To be charitable, the resulting public benefit must be *recognizable and capable of being proved, and socially useful*. In the case of poverty relief, there must be a logical connection between the benefit and the relief sought. Not all goods, services or other benefits that can be provided relieve poverty in a charitable manner. Again, the benefit should be a necessary and reasonably direct result of how the purpose will be achieved and of the activities that will be conducted to further the purpose, and be reasonably achievable in the circumstances. An assumed prospect or possibility of gain is not enough.

We considered the Organization's activities to determine whether they further its stated purposes. The Organization described three main activities that it was purportedly engaged in or recently ceased. They are as follows:

Buses

The Organization, prior to becoming a registered charity, began collecting English double-decker buses that had been decommissioned by [REDACTED]. After receiving charitable status in 1995, the Organization's first activity was to use the collection of buses as a public display with an eventual plan of turning the buses into alternative low-income housing. Originally the buses were located in Colwood, BC ([REDACTED]).

¹⁰ *Re Gardom*, [1914] 1 Ch 662. See also *Re Central Employment Bureau for Women and Students' Careers Association Inc.*, [1942] 1 All ER 232; and *Re Gillespie*, [1965] VR 402 (S. Ct. of Victoria).

However, the Organization was not able to acquire the proper zoning to develop low-income housing as it had intended and was eventually evicted from the property. The bus collection was moved to Coombs, BC where they were stored pending the development of a plan on how to convert them into alternative low-income housing. The Organization was later evicted from the Coombs location and the bus collection was moved to a storage facility in Ladysmith where they were stored behind locked gates.

Though the collection was stored in the back of the compound and no signage was displayed, Mr. Tremblay, the President of the Organization, stated that the bus collection was operating as a museum to generate revenues for the Organization's relief of poverty programs until the collection left the Ladysmith storage facility. When questioned how the bus collection could be open to the public behind a locked gate of the storage compound, Mr. Tremblay replied that "people would come and look even when the buses were being towed out of the yard - the gate is open." (The gate we observed is open to foot traffic, but requires a code to get in and out by vehicle.) There was no indication that the general public would have been aware of the bus collection at the Ladysmith facility. There was no signage or advertising and the buses could not have been easily viewed by passersby. What is more, the buses were filled with miscellaneous items which would have made it impossible for people to enter the buses. The buses were finally sold for scrap and/or given away in 2012/13 because the facility where they were stored had asked the Organization to leave and the Organization could not afford to move them again or store them anywhere else. The contents of the buses were also either scraped or moved to one of the other storage units rented by the Organization.

In the 15 years the Organization owned the buses it was not successful in developing a functioning museum facility for the public which would generate revenues to operate a poverty relief program. In fact, the audit revealed that no revenue was ever generated. Further, at no time did the buses become alternative housing for needy people. In reality, given the locations of the buses over the years, low-income housing would not have been a viable development option. Rural farmland away from public amenities and other social services is not a reasonable location for low-income housing.

Tiles

The Organization accumulated what it refers to as a "Tile Bank". The "bank" consists of two shipping storage containers full of flooring tiles and other flooring materials that were donated by various businesses in the mid-Island area. Mr. Tremblay stated the intent was to give the tiles to qualified donees (such as Habitat for Humanity) and to individuals who were in need.

The audit disclosed that the tiles were never distributed to qualified donees or beneficiaries in need of charitable relief from poverty. Mr. Tremblay explained that because the tiles are stored in containers, the few interested organizations who requested tiles were turned away because it would require the complete unloading of the containers to locate the specific items the organizations were interested in. Mr. Tremblay was only able to identify one recipient of the Organization's flooring program; however, no documentary support was provided to substantiate that the recipient was poor and actually received essential amenities.

When asked if the Organization ever considered disposing of the tiles, Mr. Tremblay stated that the Organization had turned down an offer when approached to sell the entire lot of tiles. The offer was to purchase the lot at 30 cents per pound and would have netted approximately \$3,000. Mr. Tremblay said that the value of the tiles was far more than what was offered and he couldn't give them away at a loss. At the time of the audit, the tiles' collection was still being maintained by the Organization.

The combined rent on the storage facilities, including the cost to store the buses as well as a storage locker in Ladysmith, and the storage units in Errington, totalled \$9,829.64 in 2012 and \$6,760.32 in 2011. In this regard, it is clear that the primary emphasis of the Organization is on acquiring and storing items. It is our view that the Organization has failed to demonstrate that its resources are devoted to purposes that relieve poverty or of benefit to the public.

Recycling

The Organization indicated it currently has a program to recycle electrical and electronic equipment with the aim of raising funds to support the Organization's programs. According to Mr. Tremblay, the Organization is looking to expand that operation and open a recycling school to teach the proper way to separate the components and turn them into a source of cash. The scrap can be sold to a recycling company who has committed to pay top prices to the Organization to help the project succeed. The recycling program itself has been in operation since 2012.

The recycling program is, in actuality, a collection of miscellaneous items that is stored at the warehouse in Duncan and the public storage facility in Ladysmith. Most of the items were donated to thrift stores in the Duncan area and in turn donated to the Organization as they could not be sold. The majority are household items, tools, electronics, VHS and DVD movies, books and magazines, and other similar items the thrift stores were not able to market. The collection of items also includes hardware,

cables/wires, and tools that Mr. Tremblay has collected over the years. Mr. Tremblay removes scrap metal from many of the items collected. The metal is then sold to [REDACTED]. The proceeds from these sales go towards paying rent on the storage units in Errington and Ladysmith, and for other expenditures the Organization incurs.

As with the buses, no evidence was provided to indicate that any member of the general public would be aware that a recycling facility existed in Duncan. The recycling program operates out of an industrial site with the same lack of promotion as the buses. There were no published hours or brochures, no signage or advertising put in place or promotion costs expended by the Organization. In fact, no evidence was provided that anyone other than Mr. Tremblay is involved with the recycling activities. As such, there does not appear to be a recycling program in operation for the benefit of needy people. Rather, it appears that the Organization is devoting most of its resources to pay storage fees for the miscellaneous items collected by Mr. Tremblay.

It is clear that the activities of the Organization are not limited to beneficiaries in need of charitable relief from poverty, nor has a logical connection been demonstrated of how the activities described above actually relieve poverty. Furthermore, the Organization has not shown a correlation between its activities and how poverty is being relieved in a charitable manner (for example, it has not demonstrated that its activities will provide *essential* amenities to the poor).

In summary, the above activities fail to relieve poverty even if the Organization has relief of poverty purposes. The audit revealed that no charitable activities were carried on by the Organization in furtherance of its charitable purposes of relieving poverty. It did not set up workshops, stores and public food banks staffed with workers who could provide physical, psychological and financial help to needy people. Nor did it create a museum or recycling program to fund relief of poverty programs.

Consequently, it is our view that the Organization has failed to meet the requirements of 149.1(1) of the Act, namely, that it devotes substantially all of its resources to charitable activities carried on by the Organization itself.

2. Failure To Be Constituted For Exclusively Charitable Purposes

To be registered as a charity under the Act, Canadian law requires that an organization's purposes be exclusively charitable, and define the scope of the activities that can be engaged in by the organization.¹¹

To be exclusively charitable in law, a purpose must fall within one or more of the four categories of charity and deliver a charitable public benefit. If a purpose is worded in broad or vague language that could permit non-charitable activities and/or result in the delivery of non-charitable benefits (where, for example, the words used may be interpreted in different ways and/or encompass concepts that go beyond the scope of charity¹²), it will not be clear that it is charitable in law (falls within a charitable purpose category and provides a public benefit), or that it defines the scope of the organization's activities.

While we recognize that the Organization's purposes are those with which it was originally registered on January 1, 1995, our consideration of both objects and activities must be based on current legislation, court decisions and Charities Directorate regulations and policies.

That said, it is our view that while purposes 1) and 3) could potentially be charitable as the relief of poverty, the audit revealed that no activities were carried out in furtherance of these purposes. Further, in regards to purpose 2) we fail to see how creating a museum that would integrate an animal sanctuary and an ecological reserve would relieve poverty in the charitable sense.

3. Providing A Personal Benefit To A Proprietor, Member, Shareholder, Trustee or Settler

Paragraph 149.1(1) (b) of the Act stipulates that no part of a charity's income is payable or otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settler thereof. The CRA considers the meaning of the term "trustee", for registered charity purposes, to include those persons who stand in a fiduciary relationship to the charity, having general control and management of the administration of a charity, including directors of corporations established for charitable purposes. This is, essentially, a rule against self-dealing, reflecting the general rule of equity that a trustee must not profit out of his position of trust, nor must he place himself in a position where his duties as a trustee conflict with his own interests. It is also a statutory embodiment of the

¹¹ See *Vancouver Society*, supra note 2 at para. 158 per Iacobucci J. and *Travel Just v. Canada Revenue Agency*, 2006 FCA 343, [2007] 1 C.T.C. 294.

¹² See, for example, *Re Tetley*, [1941] Ch. 308, where the court held that the word *philanthropy* can encompass purposes and activities that go beyond the realm of charity.

common law test that individuals with ties to a charity should not profit from their association with the charity.

It is our view that the following activities/expenditures confer an unacceptable private benefit:

- The Organization appears to utilize significant amounts of cash which Mr. Tremblay has sole control over without any reconciliation. As such, it could not be verified that these expenses were related to the conduct of charitable activities.
- The Organization is not structured to effectively allow directors to approve or review, in detail, the expenditures. For example, given the mobility and accessibility issues disclosed during the audit regarding the other board members, it is doubtful that any board member other than Mr. Tremblay is involved in the operations and management of the Organization. This lack of approval or review contributes to our concern that the unsupported expenditures may not relate to relief of poverty and may be personal in nature.
- The Organization pays rent for storage facilities containing miscellaneous items collected by Mr. Tremblay. No supporting documentation was provided to substantiate that any collected items were considered essential amenities and distributed to the needy.
- Mr. Tremblay resides at the Organization's address and does not pay rent to the Organization. Mr. Tremblay claims that he is employed as the night watchman at this residence and in lieu of a salary he doesn't pay rent; however, no supporting documentation was provided to substantiate this arrangement.
- The Organization owns and insures a motor vehicle. It could not be established that the motor vehicle was used for exclusively or primarily charitable activities and purposes. Rather, it appears that Mr. Tremblay received a benefit from personal use of the motor vehicle.

Accordingly, it is our position the Organization has permitted the use of its charitable assets for the private gain of a member and therefore has failed to demonstrate that it meets the test for continued registration under subsection 149.1(1) as a charitable organization that "no part of the income of which is payable to, or is otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settlor thereof". For this reason, it appears that there are grounds for revocation of the charitable status of the Organization under paragraph 168(1)(b) of the Act.

4. Failure To Maintain Adequate Books And Records

Subsection 230(2) of the Act provides that 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 the revocation of its registration under the 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 the Act.

Put in more general terms, the books and records a charity keeps must allow the CRA to:

- Verify revenues, including charitable donations received;
- Verify that resources are spent on charitable programs; and
- Verify that the charity's purposes and activities continue to be charitable at law.

Keeping adequate books and records is essential to the financial administration of a charity and beneficial for donors. Adequate books and records allow the CRA to verify donations made to a charity and to ensure proper use of charitable resources.

The policy of the CRA relating to the maintenance of books and records and books of account is based on several judicial determinations, which have held that:

- It is the responsibility of the registered charity to prove that its charitable status should not be revoked¹³;
- 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 thereto¹⁴; and
- 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 status¹⁵.

¹³ Canadian Committee for the Tel Aviv Foundation v Canada, 2002 FCA 72, [2002] 3 F.C. D-18

¹⁴ Canadian Committee for the Tel Aviv Foundation v Canada, supra footnote 68; The Lord's Evangelical Church of Deliverance and Prayer of Toronto v Canada, (2004) FCA 397

¹⁵ College Rabbinique de Montreal Oir Hachaim D'Tash v Canada (Minister of the Customs and Revenue Agency), (2004) FCA 101; Act subsection 168(1)

The audit revealed that the Organization failed to maintain adequate books and records of account in the following facets of its operations:

- The supporting documentation provided was insufficient to substantiate that the Organization's expenditures during the audit period were incurred in furtherance of its charitable purposes. As outlined above, it is our view that most of the expenditures are personal in nature.
- Detailed minutes fully reflecting discussions and operations regarding the Organization's programs and activities were not maintained during the audit period.

Internal Controls:

- The Organization's internal controls were inadequate as follows:
 - inadequate authorization of transactions; and
 - no overview by the board of directors. It appears that Mr. Tremblay controls the affairs and resources of the Organization.

It is our opinion the Organization has failed to maintain adequate books and records of account as per section 230(2) and is therefore in contravention of paragraph 168(1)(e) of the Act.

5. Issuing Receipts Not In Accordance With the Act and/or Its Regulations

Pursuant to subsection 118.1(2) of the Act, a registered charity can issue tax receipts for income tax purposes for donations that legally qualify as gifts. At law, a gift is a voluntary transfer of property, without consideration, from the donor to the Organization. The Act provides various requirements with respect to the issuing of official donation receipts by registered charities. These requirements are contained in Regulation 3500 and 3501.

It is of particular importance that the registered charity reports the correct value of the gift on the tax receipts. Given the potential uncertainty over their valuation, the Act stipulates that the "fair-market value" (FMV) of a gift of non-cash property to be reported on the tax receipts. In determining the FMV of the gift, the onus is on the Organization to ensure the value assigned to non-cash gifts received is reflective of the factual fair market value of the goods being received. The CRA recommends the use of an independent appraiser where a registered charity issues a tax receipt of significant value for gifts-in-kind. For property with a value in excess of \$1,000, we strongly recommend that the property be appraised by an independent third party. The person determining the fair market value of the item should be competent and qualified to evaluate the particular property being donated, as well as be knowledgeable about the marketplace for the specific property. They should be knowledgeable about the principles, theories, and procedures of the applicable valuation discipline and follow the

Uniform Standards of Professional Appraisal Practice or the standards of the profession.

Issuing official donation receipts otherwise than in accordance with the Act can have severe consequences for registered charities. In cases where a registered charity is involved in serious non-compliance, or for repeat or multiple infractions, the CRA may impose intermediate sanctions (that is, financial penalties or suspensions) as outlined in section 188.1 of the Act.

The donation receipts issued by the Organization did not comply with the requirements of the Act and/or Regulation 3501 as follows:

- The Organization was unable to provide or failed to provide documentation supporting the value of official donation receipts issued for non-cash gifts (gifts-in-kind). Mr. Tremblay was the only individual involved in determining the value of these receipts and sought no independent confirmation of the amounts the receipts were issued for. In some instances, items donated to the Organization from thrift stores were valued solely on their total weight.
- The Organization issued official donation receipts for amounts that do not meet the definition of a gift. In 2014, the Organization entered into a verbal arrangement with a for-profit entity to carry out a food hamper program. The items for the food hamper were donated to the for-profit entity from various businesses. Moreover, the Organization was not involved in selecting the beneficiaries for this program, promoting the program or coordinating the program; those tasks were all carried out by the for-profit entity. It appears the Organization's only involvement was to issue official donation receipts to the businesses that donated items. The Organization should not have issued receipts because the gifts were made to the for-profit entity not the Organization.

As a result, the Organization failed to meet the requirements pertaining to the issuance of official donation receipts.

6. Filing the Registered Charity Information Return (Information Return) As Prescribed

Pursuant to subsection 149.1(14) of the Act, every registered charity must, within six months from the end of the charity's fiscal period (taxation year), without notice or demand, file an Information Return with the applicable schedules. It is the responsibility of the Organization to ensure that the information that is provided in its Information Return, schedules and statements, is factual and complete in every respect. A charity is not meeting its requirement to file an Information Return if it fails to exercise due care with respect to ensuring the accuracy thereof.

As part of the audit process, the CRA verifies amounts charities report on their Information Returns. In doing this, the accuracy of the amounts reported is verified to

those amounts contained in the charity's financial statements as well as in its accounting records.

The Organization improperly completed its Information Return as follows:

- We were unable to verify the amounts reported on the Organization's Information Return due to the inadequacies identified in the record keeping; specifically, the lack of reconciliation regarding the petty cash account.

Consequently, the Organization did not meet its requirements to file an Information Return pursuant to subsection 149.1(14) in prescribed form as it failed to exercise due care with respect to its books and records.

The Organization's Options:

a) No Response

You may choose not to respond. In that case, the Director General of the Charities Directorate may give notice of its intention to revoke the registration of the Organization by issuing a Notice of Intention in the manner described in subsection 168(1) of the Act.

b) Response


Should you choose to respond, please provide your written representations and any additional information regarding the findings outlined above **within 30 days** from the date of this letter. After considering the representations submitted by the Organization, the Director General of the Charities Directorate will decide on the appropriate course of action, which may include:

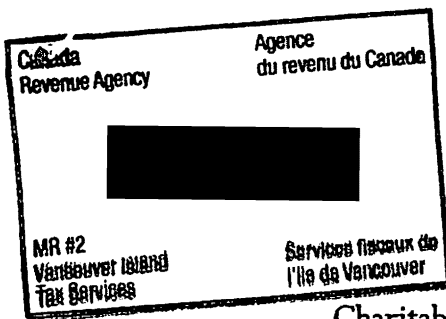
- no compliance action necessary;
- the issuance of an educational letter;
- resolving these issues through the implementation of a Compliance Agreement; or
- giving notice of its intention to revoke the registration of the Organization by issuing a Notice of Intention in the manner described in subsection 168(1) of the Act.

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

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

Sincerely, 


Dalyce Lévesque, CPA, CGA
Charities Directorate - Audit Division
Vancouver Island Tax Services Office
Telephone: 250 - 363-0467
Facsimile: 250 -363-3000
Address: c/o 9755 King George Blvd
Surrey, BC V3T 5E1



CPS CHARITY PLUS SOCIETY

[REDACTED]
P.O. Box 935 Station Main
Ladysmith B.C. V9G-1A6
Phone [REDACTED]

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Charitable Income Tax Registration # 88663 5283 RR 0001

Canada Revenue Agency www.cra.gc.ca/charities

A listing of all registered charities under the income tax act.

NOVEMBER 20, 2015

REGISTERED MAIL

CHARITIES DIRECTORATE - AUDIT DIVISION
VANCOUVER ISLAND TAX SERVICES OFFICE
9755 KING GEORGE BLVD.
SURREY B.C. V3T-5E1
FAX: (250) 363-3000
C/O: DALYCE LEVESQUE, CPA, CGA

CRA
Surrey Tax Centre

ARC
Centre fiscal de Surrey

DEAR MRS. LEVESQUE.

RE: AUDIT OF C.P.S. CHARITY PLUS SOCIETY, MAY 6/7, 2014

— FOR THE RECORD —

THIS LETTER IS FURTHER TO THE AUDIT OF THE BOOKS AND RECORDS OF THE C.P.S. CHARITY PLUS SOCIETY (CPS) CONDUCTED BY THE CANADA REVENUE AGENCY (CRA). THE AUDIT RELATED TO THE OPERATIONS OF CPS FOR THE PERIOD OF JANUARY 1, 2010 TO DECEMBER 31, 2012.

FOLLOWING OUR OCTOBER 28, 2015 PHONE CONVERSATION, I THANK YOU FOR EXTENDING CPS WRITTEN RESPONSE UNTIL NOVEMBER 30, 2015.

CPS WAS INCORPORATED UNDER THE BRITISH COLUMBIA SOCIETY ACT ON AUGUST 25, 1988. NOT ON DECEMBER 16, 1994 AS STATED. CPS NEVER CHARGED TO SEE ITS "DOUBLE DECKER BUS MUSEUM".

2/26

OF COURSE, THE MAIN GATE REQUIRED A CODE FOR THE VEHICLES TO ENTER - THIS WAS A SECURE COMPOUND - BUT THE SIDE GATE WAS OPEN DURING THE DAY, EVERY DAY, FROM 8 A.M. TIL 6 P.M. FOR FOOT TRAFFIC. THE PEOPLE ALSO HAD THE OPTION TO PARK OUTSIDE AND SIMPLY WALK-IN, AS MANY DID.

THE MUSEUM WAS ADVERTISED ON THE INTERNET UNDER "THE OLD DOUBLE DECKERS MUSEUM" AND CPS COULD BE CONTACTED BY PHONE AND ANSWERING MACHINE. WE RECEIVED A LOT OF INQUIRIES. WE STILL DO BUT UNFORTUNATELY THE BUSES ARE NOW ALL GONE.

THE REASON FOR A SECURE COMPOUND WAS THAT DOUBLE DECKER BUSES ARE MAGNETS FOR THIEVES, VANDALS AND SOUVENIR HUNTERS. HAD A LOT OF PROBLEMS WITH OUR FIRST YARD ON [REDACTED] IN VICTORIA THAT WAS NOT FENCED.

THERE WAS STUFF STORED IN SOME OF THE BUSES. THIS WAS A WAY TO GET FREE STORAGE. NOT ALL THE BUSES WERE FULL. SEVERAL BUSES COULD BE ENTERED BY THE VISITORS. THIS WAS A STATIC EXHIBIT MUSEUM TOURED BY A GUIDE, MAINLY OUTSIDE, EXPLAINING THE BUSES HISTORY AND GIVING AMPLE OPPORTUNITIES TO TAKE PICTURES. AS PREVIOUSLY STATED ADMISSION WAS FREE TO ALL.

ALL THE BUSES WERE SOLD, UNFORTUNATELY, BUT NOT GIVEN AWAY. ONE DOUBLE DECKER BUS, SECURING A CPS DEBT, WAS SEIZED WHEN CPS MOVED OUT OF ERRINGTON FOR PAYMENT OF MONEY OWED TO THE NEW OWNER OF THE PROPERTY.

CPS ACQUIRED THE FIRST DOUBLE DECKER BUS IN 1990 AND DISPOSED OF THE LAST ONE IN 2011, NOT IN 2012/2013 AS STATED. AND CPS OWNED DOUBLE DECKER BUSES FOR 21 YEARS, NOT 15 YEARS AS STATED.

3/26

- TILES -

CPS "TILE BANK" CONSISTS OF TWO 20' SHIPPING CONTAINERS FILLED WITH CERAMIC, PORCELAIN, STONE AND GLASS TILES.

THERE IS ALSO A LARGE QUANTITY OF GROUT AND FLOORING MATERIAL. THESE CONTAINERS USED TO HAVE ALSO A LARGE QUANTITY OF HARDWOOD FLOORING, BUT THE WHOLE LOT WAS DISPOSED OF THROUGH A CASH SALE, FOR FEAR OF THE KILN DRYED WOOD MAY START WARPING DUE TO THE HUMIDITY FOUND IN THE CONTAINERS. YOUR STATEMENT FAILED TO MENTION THAT THERE IS ALSO A LARGE QUANTITY OF TILES, DISPLAY TILES AND MOSAIC STORED IN THE LADYSMITH STORAGE COMPOUND, WHICH WERE SHOWED TO YOU AND YOUR PARTNER. DURING YOUR INSPECTION OF THE PREMISES.

WHILE THIS IS TRUE THAT MANY PEOPLE AND ORGANIZATIONS SPECIFIC REQUESTS FOR TILES WERE REJECTED BY CPS DUE TO THE IMPOSSIBILITY TO ACCESS THE TILES WITHOUT COMPLETELY UNLOADING THE CONTAINERS, THE STORAGE CRATES OR PAILS, CPS HAS TRYING VERY HARD TO FIND A REGISTERED CHARITY TO TAKE OVER THE WHOLE "TILE BANK" INVENTORY. ONE OF THE SOCIETIES THAT CPS CONTACTED WAS "HABITAT FOR HUMANITY". THEIR ANSWER WAS NEGATIVE THE REASONS BEING: TILES NOT SORTED, NO PLACE TO STORE THAT MANY TILES, CANNOT AFFORD TO MOVE THE TILES, DO NOT HAVE THE MAN POWER, THERE IS WAY TOO MUCH OF IT. OTHER SOCIETIES SUCH AS "ST. VINCENT DE PAUL", "SALVATION ARMY", "[REDACTED]" AND MANY OTHER SOCIETIES, ALL TURNED US DOWN WHEN GIVEN A CHANCE TO ACQUIRE THE WHOLE TILE INVENTORY.

THERE IS THAT \$3,000.00 CASH OFFER THAT WAS MADE A WHILE AGO BY A FOR-PROFIT COMPANY WHICH WAS TO SAY THE LEAST VERY VERY LOW. THIS OFFER WAS REJECTED

4/26

ON THE BASIS THAT IT WAS HIGHLY IMPROPER. TO DATE CPS HAS GIVEN \$114,297.36 IN TAX-DEDUCTIBLE RECEIPTS BASED ON A CONSERVATIVE F.M.V. EVALUATION. CPS ALSO SPENT A VERY LARGE AMOUNT OF MONEY OVER THE YEARS TO MOVE, THEN STORE THESE TILES. THERE IS NO DOUBT THAT THE AMOUNT OF THE TOTAL EXPENSE THEN AND STILL GOING NOW WOULD BE GREAT. THERE IS ALSO THE INCREDIBLE AMOUNT OF MAN-HOURS THAT WAS REQUIRED TO GATHER, SORT AND STACK PROPERLY THESE TILES AND FLOORING MATERIAL.

YOU ARE MIXING APPLES AND ORANGES WHEN YOU SAY THAT: "THE PRIMARY EMPHASIS OF THE ORGANIZATION IS ON ACQUIRING AND STORING ITEMS." YOU DO NOT TAKE INTO CONSIDERATION ALL THE HARDSHIP THAT CPS HAD TO GO THROUGH AND PERSEVERE. THE "TILE BANK" IS STILL A GREAT IDEA, THERE IS A NEED FOR IT AND THIS IS A GREAT WAY TO RECYCLE SURPLUS TILES FOR THE BENEFIT OF THE NEEDY. IF WE HAD BEEN ABLE TO SECURE A FACILITY WERE THE TILES COULD HAVE BEEN SPREADED AND SORTED PROPERLY IN ORDER TO FILL ORDERS FOR THE NEEDY, YOU WOULD BE PRAISING CPS. BUT BECAUSE CPS WAS NOT ABLE TO DO SO DUE TO EVENTS OUT OF ITS CONTROL YOU ARE NOW WANTING TO REVOKE ITS CHARITABLE STATUS AND FORCE CPS TO DISPERSE THE ASSETS THAT IT HAS BEEN TRYING TO PROTECT IN VIEW TO MAKE IT AVAILABLE TO THE NEEDY AS SOON AS A PROPER FACILITY ALLOWS IT.

BY PUTTING THE AXE TO THIS WONDERFULL PROJECT YOU ARE NOT HELPING THE NEEDY IN ANY WAY, BUT YOU ARE TAKING AWAY FROM THE POOR A SENSIBLE, FEASIBLE, RENEWABLE WAY TO DO GOOD TO A GREAT MANY NEEDY PEOPLE.

I FAIL TO SEE THE LOGIC TO CONDEMN AND FORCE CPS TO SELL FOR \$3,000.00 THIS INCREDIBLE INVENTORY OF TILES.

5/26

THE FAULT HERE DOES NOT LIE WITH ME OR ALL THE OTHERS THAT CONTRIBUTED THEIR TIME, EFFORTS AND MONEY TOWARD THIS GREAT PROJECT, BUT TO UNFORSEEN AND REGRETTABLE CIRCUMSTANCES, VERY LITTLE MONEY TO DO MANAGING MIRACLES WITH AND PEOPLE'S GREED AND PETTYNESS THAT FAILED TO SEE THAT THE GOODNESS OF A CAUSE CANNOT ALWAYS BE MEASURED BY PROFIT, RENTABILITY AND IMMEDIATE SHOWING OF A GREAT BALANCE SHEET.

I STILL BELIEVE THAT A MIXTURE OF TIME, OPPORTUNITY, PROVIDENCE, HOPE, FOCUS ON THE GOAL AT STAKE, SOME MONEY AND A LOT OF WORK IS ALL THAT IS NEEDED TO MAKE THIS PROJECT SUCCEED. WITH A LITTLE LUCK AND PERSEVERANCE IT COULD SNOWBALL AND PICK-UP THE NECESSARY MOMENTUM TO BECOME A GREAT ENDEVOUR THAT WILL PROVIDE MUCH NEEDED RELIEF TO THE POOR.

BESIDES, IT SEEMS, SO FAR, THAT ONLY CPS IS WILLING TO KEEP TRYING TO MAKE IT BECOME A REALITY. I KNOW THE BALANCE SHEET DOES NOT LOOK GOOD AND ITS BEEN A LONG TIME COMING. BUT AT LEAST CPS IS PERSISTING AGAINST ALL AND EVERYTHING AND STILL BELIEVE THAT THE "TILE BANK" PROJECT COULD BECOME A REALITY AND MAKE CPS FULFILL ITS MISSION STATEMENT WITH A WORTHY CHARITABLE ACCOMPLISHMENT.

I MOST DEEPLY BELIEVE THAT CPS RIGHTFULLY DESERVES A CHANCE TO SHOW THAT ALL THESE YEARS OF HARD WORK VOLUNTEERED BY PEOPLE WHO HAD HOPE TO ACCOMPLISH A GOOD DEED FOR SOCIETY, ALL THAT MONEY SPENT TO KEEP THE DREAM ALIVE, ALL THAT TIME AND EFFORT SPENT SINCE THE AUDIT TO DIVEST A LOT OF ITS ASSES, "FOLLOWING YOUR SPECIFIC ADVISE," HAS NOT BEEN DONE IN VAIN.

-RECYCLING-

6/26

IN 2011, CPS HAVING FINISHED TO FULFILL ITS CONTRACT OF SCRAPPING THE DOUBLE DECKER BUSES AND PUT AWAY THE ASSETS THAT WERE STORED IN THE BUSES, IT WAS TIME FOR A CHANGE. HAVING ESTABLISHED A GOOD RELATIONSHIP WITH THE COMPANY THAT SCRAPPED SOME OF THE BUSES - [REDACTED] - CPS WAS OFFERED THE OPPORTUNITY TO OBTAIN A LARGE AMOUNT OF INDUSTRIAL BATTERY CHARGERS ON CONSIGNMENT FROM [REDACTED] - [REDACTED] - . NO MONEY DOWN, CPS WOULD BE CHARGED \$0.25 PER POUND FOR THE WHOLE LOT. THIS AMOUNT WOULD LATER BE DEDUCTED FROM THE GROSS AMOUNT THAT THE SALE OF ALL THE SEPARATED METALS WOULD BRING.

STARTING ON SEPTEMBER 1, 2011, CPS RENTED THE WAREHOUSE IN DUNCAN FOR THE REDUCED PRICE OF \$1,120.00 PER MONTH INSTEAD OF THE \$1,680.00 PER MONTH ORIGINALLY ASKED. THE DISMANTLING OF THE BATTERY CHARGERS WENT ON FOR SEVERAL MONTHS AND PROMISED TO BRING IN A SIZABLE PROFIT AT THE END. BEING A FIRST FOR CPS IT TOOK LONGER THAN ANTICIPATED TO FINISH THE CONTRACT, BUT AT THE END IT STILL TURNED A FAIR PROFIT. IT WAS VERY ENCOURAGING. FOR THE FIRST TIME CPS COULD SEE THE POTENTIAL OF A STEADY SOURCE OF REVENUES. OPENING A RECYCLING SCHOOL SEEMED TO BE LOGICAL AND FEASIBLE. WE HAD GREAT EXPECTATIONS. WE STARTED ADVERTIZING ABOUT THE RECYCLING SCHOOL AND LOOKED FORWARD TO THE NEXT LOT OF ELECTRICAL EQUIPMENT TO TAKE APART.

MEANWHILE, VERY UNFORTUNATELY FOR CPS, - [REDACTED] - WAS BOUGHT BY - [REDACTED] -. THERE WAS A NEW MANAGEMENT, NEW POLICIES. SUDDENLY EVERYTHING CHANGED. THE NEW COMPANY'S POLICIES DID NOT ALLOW FOR A SUPPLIER LIKE CPS TO PROCESS MATERIAL ON THEIR BEHALF. THIS MEANT THAT THE ELECTRICAL EQUIPMENT CONNECTION FOR CPS HAD SUDDENLY DRIED UP. WE TRIED AND TRIED TO GET SOME MORE BUT TO NO AVAIL.

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THERE WAS NO WAY THAT CPS COULD THEN KEEP PAYING \$1,120.00 PER MONTH FOR RENT. SO CPS GAVE ITS NOTICE OF INTENT TO MOVE OUT EFFECTIVE JANUARY 1, 2012 AND PREPARED TO MOVE.

HAVING NOTHING TO LOOSE, I OFFERED TO OUR LANDLORD TO PERSONNALLY PAY THE RENT BY PERFORMING SECURITY DUTIES AND CUTTING THE GRASS WHICH I HAVE NOW DONE CONSISTENTLY FOR JUST ABOUT 4 YEARS. I NEVER CHARGED ANY RENT TO CPS. I JUST WANTED TO GIVE CPS A CHANCE TO KEEP GOING.

THEN THE IDEA TO GO TO THRIFT STORES TO PICK UP STUFF TO RECYCLE CAME UP. WE WERE HOPING TO GENERATE SOME MONEY AND STILL BE ABLE TO START A RECYCLING SCHOOL WHERE PEOPLE COULD COME AND LEARN HOW TO TAKE STUFF APART. SOME OF THE STUFF WAS SIMPLY GIVEN AWAY. MOST OF THE STUFF CAME FROM FOR-PROFIT BUSINESSES IN EXCHANGE OF A TAX-DEDUCTIBLE RECEIPT FOR THEIR DONATION. YOU SEEM TO RESENT THE FACT THAT THIS STUFF WAS HAD ON A BY THE POUND BASIS.... WELL, HOW ELSE COULD YOU DEAL WITH A LOT OF THINGS, ALL MIXED UP, IN BOXES MOST OF THE TIME. THERE WAS THINGS BEING PUT ASIDE WITH THE HOPE OF OPENING OUR OWN STORE. THERE WAS A LOT OF GOOD STUFF. SOME TIME THINGS WERE LET GO OF BECAUSE THEY HAD TOO MANY OR NO ROOM TO KEEP THEM. SO HOW DO YOU COME UP WITH A FAIR, CONSISTENT AND REALISTIC WAY TO ASSESS A F.M.V. FOR ALL THAT STUFF?...

LOGIC!... IF EVEN ONLY 20% OF ALL THAT STUFF HAS ANY GOOD RESELLABLE VALUE, IT WOULD BE WORTH AT LEAST \$0.50 PER POUND. SO IF WE GIVE A F.M.V. OF \$0.10 PER POUND FOR THE WHOLE OF THE MIXED STUFF COMING IN, IT WOULD AVERAGE A MOST CONSERVATIVE FIGURE OF \$0.50 PER POUND EVEN IF ONLY 20% OF IT HAS ANY MARKETTABLE VALUE. \$0.10 PER POUND ALSO HAS THE ADDED BONUS OF MAKING IT VERY EASY TO COME TO A

8/26

F.M.V. TOTAL - 84 POUNDS: \$8.40 -, ON THE END IT COMES TO ONLY \$200.00 PER TON. I THINK THIS WAS A GREAT AND SIMPLE WAY TO ASSESS F.M.V.. ALL THE STUFF WAS CAREFULLY WEIGHTED UPON ITS UNLOADING AT THE WAREHOUSE.

THIS GATHERING, PROCESSING, STORING PROCESS WENT ON FOR QUITE SOME TIME. MEANWHILE CPS WAS MAKING SEVERAL LOTS OF "EASY TO TAKE APART STUFF" SUCH AS: TAPE PLAYERS, RADIOS, CONTROLS, STUFF WITH WIRES THAT COULD BE PROCESSED ON A TABLE BY PEOPLE WITH FEW SKILLS AND BASIC TOOLS.

THIS WAS PROMISING. BUT AFTER A WHILE IT BECAME EVIDENT THAT THE WAREHOUSE WAS OVER-FILLED AND THAT THERE WAS NO ROOM, NOW, FOR PEOPLE TO COME PROCESS STUFF. WE THEN STOPPED TAKING STUFF AND STARTED TO DIVEST ANYTHING THAT WAS NOT ESSENTIAL TO KEEP OR THAT COULD GENERATE CASH MONEY FOR SCRAP. WE HAD STARTED THAT PROCESS WHEN YOU CAME ALONG FOR THE AUDIT. THIS HAS BEEN GOING ON EVER SINCE.

WITH YOUR SPECIFIC ADVISE TO DIVEST AND CUT CPS STORAGE EXPENSES AND THE REALITY THAT CPS CANNOT AFFORD TO START A THRIFT STORE OF ITS OWN, WE ARE LETTING GO OF A LOT OF STUFF THAT HAD BEEN PUT ASIDE TO BE SOLD IN A STORE.

2 - FAILURE TO BE CONSTITUTED FOR EXCLUSIVELY CHARITABLE PURPOSES -

I AM NOT IMPRESSED BY THE WAY THAT YOU ARE DISTORTING THE CHARITABLE PURPOSES OF CPS TO FIT YOUR ASSERTIONS. THERE IS NOTHING WRONG WITH PURPOSE A, B AND C. I RESENT VERY MUCH THAT YOU WOULD TRY TO DISCREDIT PURPOSE B. I WONDER IF YOU TOOK THE TIME TO READ THE DETAILED STATEMENT OF ACTIVITIES FOR PURPOSE A, B AND C THAT WAS SUPPLIED AND APPROVED WHEN CPS ACQUIRED ITS REGISTERED CHARITABLE STATUS.

9/26

THIS BEING SAID: / WILL GIVE YOU THE BENEFIT OF THE DOUBT IN ASSUMING THAT YOU HAVE MOST LIKELY SEVERAL FILES TO TAKE CARE OF AND THAT MAYBE THE DETAILED STATEMENT OF ACTIVITIES WAS NOT BROUGHT TO YOUR ATTENTION. / AM INCLUDING A COPY OF IT FOR YOUR BENEFIT IN THIS LETTER.

AMONG OTHER THINGS IT CLEARLY STATES IN PURPOSE B:

"...ON THIS PIECE OF LAND, ALL THE DOUBLE DECKER BUSES AND OTHER BUSES AND VEHICLES THAT HAVE BEEN CONVERTED INTO ALTERNATIVE HOUSING WILL BE PUT AMONG THE OTHER EXHIBITS OF THE MUSEUM AND WILL FORM AN HARMONIOUS RELATIONSHIP WITH THE FAUNA, THE BIRDS, THE FISHES, THE TREES AND THE FLORA AND... THE PEOPLE OF COURSE..."

IT IS HOPED THAT WITH PROPER MANAGEMENT, SOME PROFITS COULD BE GENERATED FROM THE RENT OF THE LOW COST ALTERNATIVE HOUSING AND THAT THIS MONEY WOULD BECOME A STEADY SOURCE OF INCOME TO FUND THE SOCIETY'S PROJECTS..."

3 - PROVIDING A PERSONAL BENEFIT TO A PROPRIETOR, MEMBER, SHAREHOLDER, TRUSTEE OR SETTLER. -

YOUR AUDIT SHOWED THAT / HANDLED GREAT AMOUNTS OF MONEY IN CASH AND THAT YOU COULD NOT FIND WHAT THE PETTY-CASH EXPENSES WERE FOR. YOU AND YOUR PARTNER WERE GIVEN TOTAL ACCESS TO EVERY PIECE OF DOCUMENT THAT HAD ANYTHING TO DO WITH EACH YEARLY FILINGS OF CPS, INCLUDING EVERY BILLS PAID BY CHEQUE OR IN CASH, WITH COMPLETE STATEMENTS OF INCOME AND EXPENSES, THE WHOLE BALANCING TO THE PENNY. / ANSWERED ALL YOUR QUESTIONS. / WAS WITH BOTH OF YOU AT ALL TIMES DURING THE AUDIT AND THE INSPECTION OF THE ASSETS OF CPS., AVAILABLE FOR ANY INQUIRIES. EVEN OFFERED YOU TO COME SHOW YOU THE 2 CONTAINERS FILLED WITH TILES IN

10/26

ERRINGTON, WHICH YOU DECLINED, STATING THAT YOU DID NOT HAVE ANYMORE TIME TO SPARE.

YOU MUST HAVE CONFUSED SOMETHING SOMEWHERE. IN THE CPS CHARITY INFORMATION RETURNS, FILED EVERY YEAR, ALL THE EXPENSES WERE CLEARLY IDENTIFIED. UNDER EACH HEADING, EVERY EXPENSE WAS ITEMIZED BY: A - BILLS PAID IN CASH - PETTY CASH -, AND B - BILLS PAID BY CHEQUE. ALL THE BILLS WERE INCLUDED IN THE RETURNS AND THERE WAS A COMPLETE LIST OF ALL THE DATES AND AMOUNTS. THE STATEMENTS ALWAYS BALANCED TO THE PENNY. SO HOW CAN YOU DARE INSINUATE THAT THERE MAY BE SOMETHING ILLEGAL THERE?... MAYBE YOU SHOULD LOOK AGAIN AT THE HUNDREDS OF COPIES THAT YOU AND YOUR PARTNER MADE OF CPS DOCUMENTS.

I DID NOT WISH TO DO CPS PAPERWORK, LIKE I AM DOING NOW, BUT I HAD NO CHOICE, CPS COULD NOT AFFORD AN ACCOUNTANT ANYMORE AND NO-ONE ELSE ON THE BOARD HAD THE WILL OR THE EXPERTISE TO DO IT. AS NEW BOARD MEMBERS WERE ELECTED OVER THE YEARS, I ALWAYS HOPED THAT SOMEONE WOULD TAKE THIS BURDEN OFF MY SHOULDERS. BUT TO MY CHAGRIN, NO ONE WAS QUALIFIED ENOUGH TO TAKE OVER. SOME TRIED BUT FOUND THEMSELVES OVERWHELMED BY THE CHALLENGE. SO I VERY RELUCTANTLY KEPT AT IT YEAR AFTER YEAR. BY THE WAY, THE REASON THAT I USE CASH, AT TIMES, TO PAY BILLS, IS THE FACT THAT IT IS VERY CONVENIENT, SOME PLACES DO NOT ACCEPT CHEQUES, ONLY CASH OR CREDIT CARD - CPS DOES NOT HAVE A CREDIT CARD ANYMORE, TOO EXPENSIVE, \$50.00 PER YEAR -. IN ANY CASE, AS LONG AS A PROPER RECEIPT IS PROVIDED, I DO NOT SEE WHERE THE PROBLEM IS IF THE EXPENSES ARE PROPERLY RECONCILIATED, AND THEY ALWAYS ARE, YEAR AFTER YEAR.

11/26

BECAUSE / HANDLE THE AFFAIRS OF CPS, "MANAGE AND PROTECT", WOULD BE BETTER TERMS TO USE TO DESCRIBE MY CONTRIBUTION TO CPS. YOU INSINUATE THAT: "...THIS LACK OF APPROVAL OR REVIEW CONTRIBUTES TO OUR CONCERN THAT THE UNSUPPORTED EXPENDITURES (...?... WHICH ONES?...) MAY NOT RELATE TO RELIEF OF POVERTY AND MAY BE PERSONAL IN NATURE...". YOU DO NOT HAVE A SHRED OF EVIDENCE TO PROVE THAT BLATANTLY VAGUE CLAIM.

BUT / ON THE OTHER HAND COULD PRODUCE STACKS OF PAID BILLS AND TELL OF MANY INSTANCES WHEN / PAID FOR SOMETHING IN CASH, NO RECEIPT, BECAUSE IT WAS A LOT CHEAPER THIS WAY OR CPS COULD NOT AFFORD TO PAY THE BILL. / NEVER TRIED TO COLLECT ANY MONEY FROM CPS TO REPAY MYSELF FOR THESE PAYMENTS THAT BENEFITED CPS.

AS AN EXAMPLE: ON SEPTEMBER 17, 2015, A CPS CAR THAT / USE TO CONDUCT THE AFFAIRS OF CPS NEEDED MAJOR MUFFLER REPAIRS — OVER \$600.00 AT MOST MUFFLER SHOPS —, / FOUND A MAN WILLING TO SUPPLY THE MATERIAL AND PERFORM THE REPAIRS FOR \$330.00 IN CASH, NO RECEIPT. CPS SURE COULD NOT AFFORD TO PAY THE \$600.00, THE \$330.00 WAS MORE AFFORDABLE, BUT THERE WAS NO RECEIPT, SO / COULD NOT CLAIM IT FROM CPS. ON THE END, IT MADE MORE SENSE () TO TAKE THE MONEY FROM MY OWN POCKET AND PAY FOR IT, ANOTHER DONATION THAT APPEARS NOWHERE IN CPS BOOKS, ONE OF MANY OVER THE YEARS. NORMALLY / WOULD NOT MENTION IT, BUT NOW / FEEL / MUST MENTION IT BECAUSE YOU ARE CASTING A SHADOW OVER MY HONESTY. THIS / WOULD BE WILLING TO CONFIRM IN A LIE DETECTING TEST. IF / AM GUILTY OF ANYTHING, ITS TO CARE A LOT ABOUT CPS FINANCIAL WELL BEING, EVEN AT MY OWN EXPENSE.

12/26

TO SUMMARIZE: I AGREE THAT THERE IS A NEED FOR THE CRA TO DO ALL IT CAN TO STOP REGISTERED CHARITIES DIRECTORS FROM PROFITING OF THE FUNDS AND ASSETS OF THESE SOCIETIES, BUT IN THIS CASE, YOU ARE BARKING AT THE WRONG TREE.

HOW IN HELL CAN YOU ARRIVE TO THE CONCLUSION THAT I DERIVED AN UNACCEPTABLE PRIVATE BENEFIT BY STATING THAT CPS PAYS RENT FOR STORAGE FACILITIES CONTAINING MISCELLANEOUS ITEMS COLLECTED BY ME?...

AS A VOLUNTEER/DIRECTOR, THIS IS MY DUTY TO GATHER AND SECURE CPS ASSETS IN VIEW OF USING THESE ASSETS AT A LATER DATE ACCORDING TO CPS MISSION STATEMENT. THE ONLY PRIVATE BENEFIT THAT I DERIVE FROM THIS IS THE SATISFACTION OF WORKING TOWARD A CHARITABLE GOAL THAT I HAVE BEEN WORKING AT SINCE AUGUST 25, 1988 AS A FOUNDING DIRECTOR OF CPS.

EARLIER IN MY LETTER, I HAVE EXPLAINED THAT FOR ALMOST 4 YEARS I HAVE BEEN PERSONNALLY SPARING CPS TO PAY RENT FOR THE WAREHOUSE IN DUNCAN. IT HAS NOW BEEN 47 MONTHS AT THIS POINT IN TIME, SAVING CPS THE AMOUNT OF \$52,640.00 (47 MONTHS @ \$1,120.00 PER MONTH: \$52,640.00). WHILE I AM AT IT, I COULD ALSO MENTION THAT THE HOUSE, STORAGE BUILDING AND THE SEVERAL ACRES THAT CPS HAD THE USE OF AT [REDACTED] IN VICTORIA DID NOT COST A PENNY IN RENT TO CPS. I SPARED CPS TO PAY ANY RENT BY DOING CARETAKING AND SECURITY FOR THE LANDLORD. THIS WAS AN EXPENSIVE PROPERTY THAT WAS WORTH AT THE VERY LEAST \$750.00 PER MONTH. CPS HAD FULL USE OF IT FROM 1990 TIL 2002. THIS WAS A RENT SAVING OF AT LEAST \$108,000.00 (144 MONTHS @ \$750.00 PER MONTH: \$108,000.00) I CAN PRODUCE UPON REQUEST A LOT OF

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PICTURES THAT SHOW ALL THE DOUBLE DECKER BUSES AND MANY OTHER ANTIQUE VEHICLES AND ASSETS DISPLAYED ALL OVER MANY ACRES ON THE PROPERTY.

AS FOR RECEIVING AN UNACCEPTABLE PRIVATE BENEFIT FROM THE USE OF A VEHICLE BELONGING TO CPS, LET ME TELL YOU THAT / USE IT PRIMARILY FOR THE CHARITABLE ACTIVITIES AND PURPOSES OF CPS. / DID NOT HAVE MUCH USE FOR A VEHICLE BEFORE. / ONLY STARTED TO HAVE A NEED FOR IT IN 2002 WHEN CPS MOVED TO PARKSVILLE, THEN / HAD TO HAVE A VEHICLE IN ORDER TO TAKE CARE OF CPS ACTIVITIES AND PURPOSES. IF / DID NOT HAVE TO TAKE CARE OF CPS AFFAIRS, / WOULD NOT HAVE MUCH USE FOR A VEHICLE. / WOULD RATHER TAKE THE BUS AS / USED TO DO BEFORE IN VICTORIA.

TO SUMMARIZE: WHY WOULD / TRY TO TAKE SOME ILLEGAL UNACCEPTABLE PERSONNAL AND FINANCIAL BENEFIT FROM CPS WHEN / COULD HAVE LEGALLY CHARGED TENS OF THOUSANDS OF DOLLARS IN RENT TO CPS OVER THE YEARS?...

4 - FAILURE TO MAINTAIN ADEQUATE BOOKS AND RECORDS. -

IN THIS LETTER / HAVE ALREADY MENTIONNED SEVERAL TIMES THAT IN EVERY CPS CHARITABLE INFORMATION RETURNS MADE OVER THE YEARS, DETAILED STATEMENTS OF INCOME, EXPENSES, TAX-DEDUCTIBLE DONATIONS EITHER IN CASH OR IN KIND, ALL SHOWED THE DATES, AMOUNTS AND TOTALS, AND THE BALANCE SHEETS ALWAYS BALANCED TO THE PENNY.

AGAIN, YOU ARE MIXING APPLES AND ORANGES AND YOU ARE CONFUSING A CLEAR SITUATION IN AN EFFORT TO MAKE IT FIT YOUR ASSERTIONS. MAYBE YOU PERSONNALLY

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THINK THAT THESE EXPENSES WERE NOT CHARITABLE AND OF A PERSONAL NATURE, — THIS IS YOUR OPINION AND IT REMAINS TO BE PROVEN —, BUT NONE THE LESS, ALL THE ACCOUNTS AND STATEMENTS OF INCOME AND EXPENSES WERE EXACT AND RELATED, SINCE 1988, TO THE USUAL CONDUCT OF CPS CHARITABLE GOALS STIPULATED IN PART A, B, AND C OF ITS MISSION STATEMENT. ALL THE FIGURES IN THE STATEMENTS WERE EXACT AND TRUE. TO DATE, YOU HAVE NOT BEEN COMING FORWARD WITH ANY CONCRETE AND TANGIBLE PROOF THAT ANY OF THE EXPENDITURES THAT I DID ON BEHALF OF CPS WERE OF PERSONAL NATURE () OR WERE NOT OF A CHARITABLE INTENT ().

THESE ASSERTIONS ARE MALICIOUS AND UNFOUNDED. CPS AND I, PERSONALLY, INTEND TO FIGHT THEM AS FAR AS THE LAW WILL ALLOW. AT THIS POINT IN TIME, CPS HAS NOT RETAINED THE SERVICES OF A LEGAL COUNSELLOR, BUT WE HAVE MADE INQUIRIES ABOUT THE CONTENT OF YOUR LETTER AND WE HAVE BEEN ADVISED TO WAIT UNTIL WE RECEIVE A FORMAL WRITTEN ANSWER TO THIS LETTER BEFORE ASSESSING OUR LEGAL RECOURSES.

AT THE SUGGESTION OF OUR LEGAL COUNCELL: I WISH TO FORMALLY REQUEST THAT YOU DIVULGE THE NAME, TITLE, EXPERTISE AND PURPOSES OF THE MAN — EARLIER IN THIS LETTER REFERRED TO AS "YOUR PARTNER" — THAT AS THE ONLY SCHEDULED AUDITOR, YOU ALLOWED TO: CONSULT, INTERPRET AND PHOTOCOPY CPS RESTRICTED AND CONFIDENTIAL INFORMATION DURING THE 2 DAYS AUDIT. THIS MAN SHOWED UP WITH YOU AT CPS OFFICE, UN-INVITED, WHEN IT WAS YOU ONLY THAT WAS SUPPOSED TO DO THE AUDIT. WE NOTICED THAT HIS NAME AND THE FACT THAT HE WAS PRESENT AT ALL TIMES DURING THE AUDIT AND THE PARTIAL CPS ASSETS INSPECTION ARE NOT EVEN MENTIONNED OR RECORDED IN YOUR AUDIT REPORT.

THIS MAN COULD NOT EVEN PRODUCE A BUSINESS CARD WHEN I ASKED HIM TO DO SO. STRANGE AND ODD, VERY UN-PROFESSIONAL TO SAY THE LEAST...

ALL ALONG THE AUDIT, I HAVE BEEN STRAIGHT FORWARD, TRUTHFULL AND COOPERATIVE ABOUT EVERYTHING. BEFORE THE SUBJECT OF THE MINUTES OF THE BOARD MEETINGS CAME UP, I TOLD YOU THAT I ALWAYS WANTED TO HAVE IT DONE, BUT THAT I WAS TOTALLY IGNORANT OF HOW TO PROCEED WITH IT. NOBODY ON THE BOARD, EVER, KNEW EITHER HOW TO DO IT. THAT WAS THE REASON WHY, OVER THE YEARS, WE HAD NOT KEPT A MINUTE BOOK. THIS WAS NOT IN AN ATTEMPT TO HIDE SOMETHING, BUT SIMPLY THAT WE DID NOT KNOW WHAT TO DO.

FOR THIS FAILURE OF CPS TO KEEP A DETAILED RECORD OF THE MINUTES OF THE BOARD MEETINGS, AS THE ACTUAL CPS PRESIDENT DIRECTOR, I TAKE FULL RESPONSABILITY FOR THIS DEPLORABLE OMISSION. I NOW HAVE ACQUIRED, AT LAST, A "MINUTE BOOK" AND NOW THAT I HAVE BEEN TOLD THAT THE FILING DOES NOT NEED TO BE AS FORMAL AND COMPLICATED AS BIG CORPORATIONS ARE, I INTEND TO USE IT ON JUNE 4, 2016 CPS ANNUAL GENERAL MEETING DAY.

5 - ISSUING RECEIPTS NOT IN ACCORDANCE WITH THE ACT AND/OR ITS REGULATIONS -

I STRONGLY PROTEST AGAINST THE INSINUATION THAT CPS WAS UNABLE TO PROVIDE OR FAILED TO PROVIDE DOCUMENTATION SUPPORTING THE VALUE OF OFFICIAL DONATION RECEIPTS ISSUED FOR NON-CASH GIFTS (GIFTS-IN-KIND). THIS IS A LIE AND A GREAT SHAME TO SAY SUCH A THING. TRUE, MOST OF THE TIME, I DID THE F.M.V. EVALUATION OF THE ITEMS. I KNOW WHAT I AM DOING, I APPRAISE STUFF IN A CONSERVATIVE MANNER.

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AT TIMES, IF I AM NOT 100% SURE OF THE VALUE, I WILL GET SOMEONE ELSE TO MAKE A WRITTEN APPRAISAL THAT I WILL ATTACH TO THE TAX-DEDUCTIBLE RECEIPT. AS PRESCRIBED, ANY ITEM OVER \$1,000.00 ALWAYS GET APPRAISED BY A QUALIFIED APPRAISER, EVEN IF IT IS COSTLY.

I EXPLAINED, EARLIER IN THIS LETTER, THE REASON FOR ADOPTING A METHOD OF EVALUATION OF THE F.M.V. BASED ON THE WEIGHT OF THE BULK OF THE ITEMS, SPECIALLY WHEN THE ITEMS ARE MIXED, IN BULK, AND OF LOW OR INCONSISTENT VALUE. TRYING TO INVENTORY OR DESCRIBE, INDIVIDUALLY, THESE ITEMS WOULD BE AN EXERCISE IN FUTILITY.

I VERY MUCH QUESTION YOUR OWN EXPERTIZE AT BEING ABLE AND QUALIFIED TO JUDGE MY ACTIONS IN THIS INSTANCE. YOU, NO DOUBT ABOUT IT, ARE A QUALIFIED ACCOUNTANT, BUT I AM THE ONE WITH YEARS OF EXPERIENCE IN APPRAISING ALL KIND OF ITEMS. YOU CRITISIZE, A LOT, MY APPRAISING METHODS, BUT YET YOU DO NOT COME UP WITH ANY BETTER, PRACTICAL AND REALISTIC WAYS TO DO IT, KEEPING IN MIND THAT EACH ONE OF THESE EVALUATIONS MAY HAVE TO BE DONE IN DIFFERENT CIRCUMSTANCES WHICH MAY ULTIMATELY INFLUENCE THE F.M.V. OF THE ITEMS.

AGAIN..., DISTORSIONS OF THE FACTS. YOU DARE TRY TO DISCREDIT THE VALIDITY OF THE FOOD HAMPER DISTRIBUTION THAT CPS DID. SHAME ON YOU FOR THIS. FIRST OF ALL, I AM INCLUDING, IN THIS LETTER, A COPY OF A BLANK FORM THAT EACH RECIPIENT, NO EXCEPTION, OF A FOOD HAMPER OF AN AVERAGED VALUE OF \$25.00 OR \$30.00 - DEPENDING ON THE AVAILABILITY AND VALUE OF THE FOOD - HAD TO FILL, IN FULL, DATE AND SIGN IN ORDER TO APPLY AND RECEIVE A FOOD HAMPER WHICH USUALLY CAME IN A BANANA BOX AND BAGS.

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CPS RETAINED IN FILE, AS SUPPORTING DOCUMENTATION, THE SIGNED ORIGINAL FORM OF EACH FOOD HAMPER APPLICATION, AND THIS WAS ATTACHED TO THE COPY OF EACH TAX-DEDUCTIBLE RECEIPT GIVEN TO THE "FOR-PROFIT BUSINESS" THAT DONATED THESE FOOD HAMPERS.

EACH FOOD HAMPER WAS FIRST MADE BY "THE DONOR", THEN, LEGALLY HANDED TO CPS, STORED IN THE OUTSIDE CONTAINER DEDICATED TO THIS SOLE PURPOSE, THEN AFTER THE PEOPLE FILED A CPS FOOD HAMPER APPLICATION THEY PRESENTED THEMSELVES AT THE DOOR OF THE CONTAINER, APPLICATION IN HAND. THE APPLICATION, FILED AND SIGNED, WAS COLLECTED FOR DOCUMENTATION PURPOSES, THE ORIGINAL TO CPS AND A COPY TO THE DONOR THAT IS ATTACHED TO THEIR TAX-DEDUCTIBLE RECEIPT AS A CONTROL MEASURE.

ON SEVERAL INSTANCES, I HAVE PERSONNALLY HELPED TO FILL-UP THE FOOD HAMPERS, AND COLLECTED THE CPS FORMS AND HANDED THE FOOD HAMPERS TO THE RECIPIENTS, WHEN I WAS ABLE TO FREE MYSELF AND ATTEND THE DISTRIBUTION. THE "DONOR", A SINCERE AND CARING MAN, WHO HAS A VAN, OFTEN DELIVERED ON BEHALF OF CPS, FOOD HAMPERS TO SEVERELY DISABLED RECIPIENTS OR SHUT-INS, FREE OF CHARGE.

ANOTHER OUTRAGEOUS FALSEHOOD IS YOUR ASSERTION THAT THE "FOR-PROFIT COMPANY" WAS GIVEN THIS FOOD FOR FREE FROM VARIOUS BUSINESSES. HOW ON EARTH CAN YOU SAY SUCH A THING, WHAT PROOF DO YOU HAVE?... YOU CERTAINLY DID NOT FIND ANY DOCUMENTATION AT THE TIME OF THE AUDIT THAT CONFIRMED THIS MADE-UP ASSERTION. I HAVE BEEN SHOWN BILLS OF THE PURCHASE OF THIS FOOD. FOOD IS VERY EXPENSIVE. IT WAS PURCHASED FROM WHOLESALE [REDACTED] AND VARIOUS OTHER SUPPLIERS. THEY SURE DID NOT GET IT FOR FREE.

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MUST / REMIND YOU THAT THE CRA CONCERNS ABOUT THE F.M.V. APPRAISALS FOR IN-KIND DONATIONS IS: "THE ACTUAL F.M.V. OF A GIVEN ITEM AT THE TIME OF THE GIFT". THIS MEANS, AS YOU SHOULD KNOW, THAT IF AN ITEM WAS OVER-PAID FOR AT THE TIME OF THE PURCHASE, EVEN IF THE BUYER IS IN POSSESSION OF A PAID BILL PROVING IT, 100% OF THE OVER-PAID PRICE DOES NOT QUALIFY AS TRUE VALUE. ONLY WHAT THE "ACTUAL" F.M.V. IS AT THE TIME OF THE GIFT, REGARDLESS OF THE DIFFERENCE IN VALUE. THE SAME CRITERIA APPLIES FOR AN ITEM, AS AN EXAMPLE, THAT WAS PURCHASED AT AN AUCTION FOR VERY CHEAP OR EVEN HAD BEEN RECEIVED AS A GIFT, LETS SAY A SET OF GOLF CLUBS GIVEN AS A BIRTHDAY GIFT. THIS CRITERIA, THAT I FIND VERY FAIR AND EQUITABLE, ONLY ACCEPT A F.M.V. EVALUATION BASED ON THE "ACTUAL F.M.V. AT THE TIME OF THE DONATION". AGAIN YOU AILED, AT OUR EXPENSE, IN YOUR ASSERTION ().

CPS MADE IT VERY CLEAR THAT THESE FOOD HAMPERS WERE TO BE GIVEN TO PEOPLE IN NEED OF A FOOD SUPPLEMENT, ONCE A MONTH AROUND THE 15TH. AVAILABILITY OF FREE FOOD HAMPERS WAS CLEARLY POSTED BY THE SECRETARY'S DESK IN THE STORE. ONCE REGISTERED IN THE STORE COMPUTER, EACH RECIPIENT WAS INFORMED ON THE DATE, TIME AND WHERE TO GO TO PICK-UP A FOOD HAMPER, ISSUED IN THE NAME OF CPS. THE STORE OWNER, HIS WIFE, VOLUNTEERING EMPLOYEES, STORE CLIENTS, FOOD HAMPER RECIPIENT, MYSELF, ALL HELPED IN THE SPIRIT OF HELPING THE LESS FORTUNATE IN TIMES OF DIRE NEED.

/ AM AWARE THAT YOU QUESTION THE FACT THAT THE FOOD HAMPERS WERE MADE AND DISTRIBUTED ON THE FOR-PROFIT BUSINESS GROUNDS. YOU HAVE TO UNDERSTAND AND APPRECIATE THE FACT THAT CPS ALSO HAD A BUSINESS PLACE. THE FOR-PROFIT BUSINESS WOULD HAVE GLADLY DELIVERED ALL THE FOODSTUFF TO THE CPS WAREHOUSE AND DISPENSE WITH THE CHORES OF PACKING, STORING

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AND DISTRIBUTING THE FOOD HAMPERS. BUT!... YOU HAVE TO TAKE INTO CONSIDERATION THE HUMAN FACTOR, AS CPS DID.

THESE FOOD HAMPERS ARE RECEIVED BY POOR PEOPLE WHO ARE FOR THE MOST PART LIVING DOWNTOWN DUNCAN. MOST OF THEM HAVE NO MEANS OF TRANSPORTATION, BUS SERVICE IS NOT EFFICIENT, SPARSE AND EXPENSIVE. CPS WAREHOUSE IS LOCATED WAY OUT OF DUNCAN, ON THE TRANS CANADA HWY., IN AN INDUSTRIAL ZONE. THIS IS A SECURE COMPOUND WITH HEAVY EQUIPMENT THAT IS STEADILY COMING IN AND OUT ALL DAY. DANGEROUS FOR PEOPLE WITH WALKERS, ON FOOT OR WITH CHILDREN IN TOW AND LAST BUT NOT THE LEAST CONSIDERATION: TOO FAR TO WALK FROM DOWNTOWN.

FOR ALL THESE REASONS IT WAS DECIDED TO SELECT A SUITABLE PLACE DOWNTOWN DUNCAN TO DO THE FOOD HAMPERS DISTRIBUTION. UNFORTUNATELY CPS COULD NOT SECURE AN AFFORDABLE PLACE IN TOWN TO DO SO. THE ONLY THING THAT CPS COULD AFFORD TO DO WAS TO ACCEPT THE OFFER OF THE USE, AT NO COST, OF A SECURE CONTAINER IN THE FENCED YARD BEHIND THE DONOR STORE WHERE THE FOOD DONATED TO CPS COULD BE STORED BEFORE THE FOOD HAMPERS COULD BE MADE THEN DISTRIBUTED. ALL THE FOOD IS NOT ACQUIRED AT THE SAME TIME DURING THE MONTH. THE PERISHABLE FOOD IS ONLY GATHERED A LITTLE BEFORE HAMPER DAY. SOMETIMES ITS THE OPPOSITE, HAMPER DAY COMES WHEN ALL THE PERISHABLE FOOD HAS FINALLY BEEN PURCHASED. CPS REALLY WANTED TO GET A FOOD DISTRIBUTION PROGRAM GOING, HOPING TO BE ABLE TO EVENTUALLY OPERATE A FOOD BANK AND A STORE OF ITS OWN DOWNTOWN DUNCAN. THERE IS SO MUCH POVERTY IN THIS TOWN.

UNFORTUNATELY SEVERAL MONTHS LATER, IT BECAME IMPERATIVE THAT CPS STARTED TO DIVEST A LOT OF ITS ACCUMULATED ASSETS IN ORDER TO CUT ITS STORAGE EXPENSES, MOVE OUT OF THE WAREHOUSE AND RELOCATE DOWNTOWN DUNCAN. SO ALL THE

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PROGRAMS WERE SHUT DOWN, INCLUDING THE COLLECTION OF RECYCLABLES/RESELLABLES, AND THE FOOD HAMPER PROGRAM. WE GAVE OUR NOTICE OF TERMINATION AND DID NOT RECEIVE OR DISTRIBUTE ANYMORE FOOD HAMPERS AND TOTALLY FOCUSED, EVER SINCE, ALL OUR EFFORTS INTO DIVESTING CPS ASSETS IN VIEW OF MOVING OUT OF THE WAREHOUSE IN THE FIRST PHASE, AND THEN, LATER ELIMINATE THE OTHER STORAGE UNITS THAT CPS HAS BEEN PAYING FOR EVERY MONTH. BASICALLY, VOLUNTARILY PUTTING CPS IN A DORMANCY MODE IN ORDER TO RECOVER AND STREAMLINE ALL ITS LIABILITIES AND BETTER BE ABLE TO FOCUS ON ACHIEVING ITS PRIMARY GOAL WHICH IS THE RELIEF OF POVERTY.

6 - FILING THE REGISTERED CHARITY INFORMATION RETURN (INFORMATION RETURN) AS PRESCRIBED -.

I AM TRULY SORRY TO SAY THIS; THERE IS A LOT OF POINTS IN YOUR AUDIT REPORT THAT ARE VAGUE, MISLEADING AND VERY POORLY DOCUMENTED, WITH NO REAL EVIDENCE TO BACK UP YOUR ASSERTIONS. THIS IS ONE OF THESE AREAS IN YOUR AUDIT REPORT.

I HAVE ALREADY PROFUSELY ELABORATED IN THIS LETTER ON THE CPS CASH-PAID EXPENSES, THE BENEFITS OF THE PETTY-CASH, THE CAREFULL LOGGING OF DATES AND AMOUNTS OF EVERY CASH-PAID EXPENSES AND THE RECONCILIATION OF EVERY CASH-PAID EXPENSES IN THE INCOME/EXPENSES BALANCE SHEET.

AFTER HAVING DONE MY VERY BEST TO REBUKE THE ASSERTIONS THAT YOU HAVE MADE IN YOUR LETTER TO THE EFFECT THAT THE CPS REGISTERED CHARITY STATUS SHOULD BE REVOKED, FROM YOUR POINT OF VIEW, I AM PROFOUNDLY DISGUSTED THAT YOU, ON BEHALF OF THE CRA, SHOULD TAKE SUCH A DIM, NEGATIVE, BLAMING, PUNITIVE ATTITUDE IN THE EVALUATION OF AN ENDEVOUR DATING BACK TO 1988, BASED ON THE SOLE GOAL OF

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/ MUST APOLOGIZE IF / OFFENDED YOU IN ANY WAY, BUT THIS IS THE WAY THAT / SINCERLY FELT ABOUT YOUR LETTER.

/ MUST ALSO APOLOGIZE FOR THE FORMAT OF THIS LETTER, / DO NOT KNOW HOW TO USE A COMPUTER AND / CANNOT TYPE, IT TOOK SO LONG TO MAKE THE FIRST DRAFTS, THAT BY THE TIME / HAD DONE A FINAL DRAFT, THERE WAS NO MORE TIME TO SPARE IN ORDER TO MEET YOUR NOVEMBER 30, 2015 DEADLINE. SO HAVING MISSED THE MAILING DEADLINE, ALL / HAVE TIME LEFT TO DO NOW IS MAKE MY ROUGH FINAL DRAFT LOOK AS BEST AS POSSIBLE AND FAX IT TO YOU ON NOVEMBER 30, 2015. BUT BEFORE / DO SO, / WILL INCLUDE IN THIS LETTER COPIES OF THE RECEIPT OF A REGISTERED MAILING OF COPIES OF THIS LETTER WITH MY SIGNATURE AND SEAL OF CPS ON IT, THIS SHOULD GET TO YOU LATER DURING THE WEEK.

CPS RESERVES THE RIGHT TO APPOINT A LEGAL COUNCILLOR AT A LATER DATE IF NEEDED AND WILL USE ANY LEGAL MEANS AT ITS DISPOSAL TO PRESERVE ITS CHARITABLE STATUS.

/ IN REGARD TO THIS STATE OF AFFAIRS, CPS WOULD WELCOME AN OPPORTUNITY TO RESOLVE THESE ISSUES THROUGH THE IMPLEMENTATION OF A COMPLIANCE AGREEMENT. THIS WOULD BE IN THE INTEREST OF ALL THE PARTIES CONCERNED, SPECIALLY THE POOR.

SINCERLY.



PRES. DIR.

PAUL TREMBLAY
CPS PRESIDENT DIRECTOR

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C.P.S. Charity Plus Society.

--- Statement Of Activities ---

Purpose "A"

... Providing physical, psychological and financial help to needy people...

Basically the aim of the society is to generate money and volunteer work to set up workshops, stores and public food banks staffed by workers who can help with needy people's needs that can be physical, psychological or financial.

These services shall be provided free or for as little cost as possible, should a charge be a must: as in the case of selling an item that the society had to buy.

Purpose "B"

... To create a museum that would integrate an animal sanctuary, an ecological reserve, a farming facility and alternative housing for needy people...

At the moment, the society has the use of a large property on which its museum department stores its assets among which are 15 double-decker buses that are intended to be fixed and converted into low cost alternative housing for needy people.

When we have to vacate the property, it is hoped that by then we will have found a large property that will have all the qualities needed to be used as an animal sanctuary, an ecological reserve and a farming facility.

On this piece of land, all the double-decker buses and other buses and vehicles that have been converted into alternative housing will be put among the other exhibits of the museum and will form an harmonious relationship with the fauna, the birds, the fishes, the trees and the flora and... the people of course...

It is hoped that with proper management, some profits could be generated from the rent of the low cost alternative housing and that this money would become a steady source of income to fund the society's projects.

Purpose "C"

... To establish recycling and merchandising facilities to benefit needy people...

The goal of the society is to create an area on the property which would be used to gather, sort and recycle discarded material.

We are hoping that this area would become sort of a square, where people would bring things they do not need anymore and at the same time, come looking for things that have been recycled.

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Liability Disclaimer
For
RECEIVING A FOOD HAMPER

The C.P.S. CHARITY PLUS SOCIETY afterwards referred as the [PROVIDER] of the HAMPER does not provide liability insurance for the protection of individuals, groups, organizations, businesses, spectators, or others who may participate in the consuming of the food hamper.

In consideration for the consuming of the food hamper, the individual, group, organization, business, spectator, or other, does hereby release and forever discharge the [PROVIDER], and its officers, board, and employees, jointly and severally from any and all actions, causes of actions, claims and demands for, upon or by reason of any damage, loss or injury, which hereafter may be sustained by participating in the consuming of the food hamper.

This release extends and applies to, and also covers and includes, all unknown, unforeseen, unanticipated and unsuspected injuries, damages, loss and liability and the consequences thereof, as well as those now disclosed and known to exist. The provisions of any state, federal, local or territorial law or state providing substance that releases shall not extend to claims, demands, injuries, or damages which are known or unsuspected to exist at this time, to the person executing such release, are hereby expressly waived.

I hereby agree on behalf of my heirs, executors, administrators, and assigns, to indemnify the [PROVIDER] and its officers, board and employees, joint and severally from any and all actions, causes of actions, claims and demands for, upon or by reason of any damage, loss or injury, which hereafter may be sustained by participating in the consuming of the hamper.

It is further understood and agreed that said participation in the consuming of the food hamper is not to be construed as an admission of any liability and acceptance of assumption of responsibility by the [PROVIDER], its officers, board, and employees, jointly and severally, for all damages and expenses for which the [PROVIDER], its officers, board and employees, become liable as a result of any alleged act of receiving and consuming the food hamper

The F.M.V. (Fair Market Value) of the FOOD HAMPER is valued at \$ _____
_____/100 DOLLARS

Name

Address (Apt)

Street

City

Postal Code

Phone

Health card number / SIN #

Signature

DATE Day Month Year

All participants must complete this Liability Disclaimer to be eligible to receive a food hamper

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ON THE FAX SENDED ON
NOVEMBER 30, 2015, THIS
PAGE WILL HAVE A COPY
OF THE REGISTERED LETTER
MAILED TO YOU ON
NOVEMBER 30, 2015

**C.P.S. Charity Plus Society (the Organization)
Comments on Representations of November 20, 2015**

The audit conducted by the Canada Revenue Agency (CRA) for the period from January 1, 2010, to December 31, 2012, identified that the Organization is not operating in compliance with provisions of the Income Tax Act (the Act) in the following areas:

- failure to devote resources to charitable activities in accordance with the requirements of the Act;
- failure to be constituted for exclusively charitable purposes;
- providing a personal benefit to a proprietor, member, shareholder, trustee or settler;
- failure to maintain adequate books and records;
- issuing improper donation receipts; and
- failure to file an information return in prescribed form.

While we recognize the Organization's stated intentions to conduct programs under the charitable category of relief of poverty, the law requires the CRA to ensure that the benefits provided for registered charities under the Act are made available only to those organizations that operate within the legal boundaries of charity.

We have reviewed the Organization's representations dated November 20, 2015, and we maintain our position that the non-compliance issues identified during the audit represent a serious breach of the requirements of the Act and that, as a result of this non-compliance, the Organization's registration should be revoked.

The basis for our position is described in greater detail below, including our responses to the Organization's representations.

We would first like to address the following statements made by the Organization in its representations dated November 20, 2015:

"At the suggestion of our legal counsell (sic): I wish to formally request that you divulge the name, title, expertise and the purposes of the man – earlier in this letter referred to as "your partner" – that as the only scheduled auditor, you allowed to: consult, interpret and photocopy CPS restricted and confidential information during the 2 days audit..."

Two people attended the audit, Dalyce Levesque, the Auditor, and Ross Thackray, her supervisor. Identification badges for both CRA employees were shown to Mr. Tremblay, a director of the Organization, prior to commencing the audit.

"...All that money spent to keep the dream alive, all that time and effort spent since the audit to divest a lot of its assed (sic), "following your specific advise (sic)," has not been done in vain."

No specific advice was provided to the Organization that directed it to divest itself of its assets. It was explained to Mr. Tremblay that in the event the Organization's charitable status is revoked, it will have to transfer its net assets to an eligible donee.

For organizational purposes, the remainder of the representations are separated by topic and addressed accordingly.

1. Failure of the Organization to Devote its Resources to Charitable Activities in Accordance With the Requirements of the Act

As described in the Administrative Fairness Letter (AFL) dated October 15, 2015, no documentation was provided at the time of the audit to demonstrate that by maintaining a collection of double decker buses, a tile bank, and purportedly operating a recycling school, the Organization relieved poverty in the charitable sense. In fact, the audit findings show that at no time did the collection of buses become alternative housing for needy people, as identified at registration; the tiles were never distributed to qualified donees or needy beneficiaries; and no recycling programs were in operation. Rather, it appeared that the Organization was devoting most of its resources to pay storage fees for the miscellaneous items collected by Mr. Tremblay on behalf of the Organization.

The Bus Collection (Museum)

In its response, the Organization claims that our findings regarding the bus collection were inaccurate or misunderstood. Specifically:

- The bus collection was never used to generate income as it was a museum that was free to all.
- It was a static exhibit toured by a guide, mainly outside, explaining the history and giving visitors ample opportunities to take pictures.
- The collection was, though stored in a secure compound that required a code for vehicles, available for viewing from 8 am until 6 pm daily. People had the option to park outside the gate and walk in.
- It was advertised on the internet under "The Old Double Deckers Museum".
- The buses were sold, not given away, and the buses were sold in 2011, not in 2012/13.
- The buses were owned by the Organization for 21 years, not 15.
- Some of the buses were used to store items from the Organization's inventory, so as to avoid paying further storage costs, however, several buses could be entered by visitors.

Though the Organization's response provided some details surrounding the buses, such as the schedule of the secured compound and that the collection was advertised on the internet, no records were provided to show, for example, how many people visited the collection, who provided the tours, what information was provided during the tour, copies of brochures or pamphlets, and when the tours would have occurred. Further, no

documentation, such as a website address or web content, was provided to substantiate the Organization's claim that it had in fact attempted to make the public aware of "The Old Double Deckers Museum".

We do not dispute the Organization's claim that it owned the buses for 21 years, however, as a registered charity, the Organization owned the buses for 15 years (i.e., from the Organization's effective date of registration - January 1, 1995, to the beginning of the audit period - January 1, 2010).

No supporting documentation or information was provided that would enable us to conclude that the double decker bus collection was a museum and was maintained in furtherance of a charitable purpose.

The Tile Bank

The Organization stated that our findings regarding the "tile bank" were inaccurate. Specifically:

- The tile bank consists of two 20 foot long shipping containers filled with ceramic, porcelain, stone and glass tiles, as well as grout and other flooring material. Additional tiles and related material were stored at the facilities in Ladysmith that were not mentioned in the AFL.

The AFL did state that the Organization had a "tile bank" consisting of two shipping containers of flooring tiles and other flooring materials. It did not mention the tiles stored at the Ladysmith storage compound specifically, however, the audit findings did take into account all flooring materials owned by the Organization including those stored in Ladysmith.

In its response, the Organization claims that all attempts to gift the tiles to a registered charity failed. A low cash offer of \$3,000 for the tiles was rejected as it was determined to be highly improper.

We agree that a registered charity may not dispose of its assets at below fair market value, with the exception of gifts to qualified donees or to eligible beneficiaries of poverty relief. To do so would be providing a private benefit, in contravention of the Act. While it is acceptable for the Organization to convert goods that it receives into cash, we were unable to conclude that reasonable steps were taken to convert the "tile bank" to cash to enable the Organization to carry out its charitable activities.

The Organization claims that an incredible amount of man-hours was required to gather, sort and properly stack the tiles, yet it admits that specific requests for tiles from organizations and individuals were rejected because the tiles were not accessible. At no time were tiles distributed to qualified donees or eligible beneficiaries of poverty relief. In fact, our audit findings revealed that the Organization simply used its limited resources to acquire and store its inventory of tiles.

The Organization's response has not altered our position that the Organization failed to demonstrate that its "tile bank" relieved poverty in the charitable sense.

Recycling Activities

Based on the Organization's response:

- The Organization purchases a quantity of battery chargers on consignment from [REDACTED] with the idea of turning a profit from the dismantling and recycling of these items. Once Mr. Tremblay completed the contract, he anticipated a steady stream of revenue and decided to start a recycling school. This did not materialize as [REDACTED] was purchased by another company and the Organization was not able to purchase more items.
- The Organization began to acquire goods from thrift stores to recycle with the intent to generate some money and start a recycling school.
- The school was advertised to the general public.
- The majority of the gifts-in-kind were from for-profit stores that the Organization received in exchange for an official donation receipt.
- The gathering, processing and storing process went on for quite some time. Easy to dismantle items were prioritized and dismantled by people with few skills and basic tools.
- The Organization began to divest anything that was not essential to keep or that could generate cash money for scrap when it was determined that there was no more room to actually process anything.
- The Organization gave away some of the items.

Documentation, such as copies of advertisements for the recycling school, where it was advertised, and/or invoices paid to advertising suppliers, was not provided to substantiate the Organization's claim that it attempted to open a recycling school. Nor was documentation identifying the individuals who dismantled the items provided.

Further, the Organization claims that it gave away some items, however, no information was provided to identify what items were given away; who received the items; whether they were eligible beneficiaries of poverty relief and the selection criteria used to select beneficiaries. As such, the Organization has not shown that it relieved poverty or that its activities furthered other recognized charitable purposes.

The Organization's response did not alleviate the concerns raised in the AFL. Similar to the "tile bank", the Organization used its limited resources to acquire and store its inventory of items.

The Organization's response did not dispute that its largest expenditures were for storage fees. Simply paying to store items is not charitable because it does not relieve poverty, nor is it of benefit to the public.

In summary, the Organization's response has not alleviated our concerns and our position remains that the Organization failed to devote all of its resources to charitable activities.

2. Failure to be Constituted for Exclusively Charitable Purposes

As noted in the AFL, to be registered as a charity under the Act, Canadian law requires that an organization's purposes be exclusively charitable, and define the scope of the activities that can be engaged in by the organization.¹

The question of whether an organization is constituted exclusively for charitable purposes cannot be determined solely by reference to its stated purposes, but must take into account the activities in which the organization currently engages. In *Vancouver Society of Immigrant and Visible Minority Women v MNR*, the Supreme Court of Canada stated as follows:

“But the inquiry cannot stop there. In *Guaranty Trust*, *supra* at p.144, this Court expressed the view that the question of whether an organization was constituted exclusively for charitable purposes cannot be determined solely by reference to the objects and purposes for which it was originally established. It is also necessary to consider the nature of the activities presently carried on by the organization as a potential indicator of whether it has since adopted other purposes. In other words, as Lord Denning put it in *Institution of Mechanical Engineers v Cane*, [1961] A.C. 696 (H.L.), at p. 723, the real question is, “for what purpose is the Society *at present* instituted?”²

As stated in the AFL, we considered whether the Organization could potentially qualify under the charitable category of *relief of poverty*. We determined that purposes 1) and 3) could potentially be charitable as the relief of poverty; however, the audit revealed that since its registration, the Organization has not conducted any charitable activities in furtherance of these purposes. In regards to purpose 2), we fail to see how creating a museum that would integrate an animal sanctuary, an ecological reserve and a farming facility would relieve poverty in the charitable sense. Moreover, the audit findings revealed that the Organization did not conduct any charitable activities in furtherance of this purpose.

As such, our position remains that the Organization failed to be constituted for exclusively charitable purposes.

¹ See *Vancouver Society*, *supra* note 1 at para. 158 per Iacobucci J. and *Travel Just v. Canada Revenue Agency*, 2006 FCA 343, [2007] 1 C.T.C. 294.

² *Vancouver Society*, *supra* note 4 at para 194. See also *AYSA Amateur Youth Soccer Association v Canada (Revenue Agency)*, 2007 SCC 42 at para 42, [2007] 3 SCR 217.

3. Providing a Personal Benefit to a Proprietor, Member, Shareholder, Trustee or Settler

As detailed in the AFL, the audit identified several instances where unacceptable private benefits were conferred on Mr. Tremblay. These benefits included free housing, use of a vehicle, and expenditures related to the acquisition and storage of various items.

In its response, the Organization stated:

- All the documentation that the Organization has regarding expenditures was provided at the time of audit.
- In many instances, Mr. Tremblay personally paid cash and received no receipt so as to save the Organization money.
- Mr. Tremblay is the only member of the board involved with the day-to-day record keeping because no other board member was willing or able to do the bookkeeping, and the Organization could not afford an accountant.
- Some of the suppliers the Organization uses do not accept cheques. The Organization does not have a credit card. Therefore, cash was the only option.
- Mr. Tremblay was out of pocket many times for expenditures of the Organization that were not recorded on the books.
- Mr. Tremblay provides services to the landlord of the Duncan property in exchange for rent for the Organization.
- Storage fees were not for personal items.
- The motor vehicle is primarily used by Mr. Tremblay in his duties as director and for the charitable activities and purposes of the Organization.

As noted above, our audit findings revealed that the Organization did not carry out any charitable programs. Further, the Organization's response did not include documentary evidence to substantiate the above statements. As such, we must conclude that the following expenditures/arrangement were personal in nature.

Mr. Tremblay purportedly paid cash for both goods and services to receive a better price without a receipt, and claimed that many times he personally paid for Organization expenses for which he did not request reimbursement. Absent supporting documentation, we could not verify that these expenditures were in furtherance of charitable activities.

The vehicle was said to be used for charitable purposes, however, no supporting documentation was provided to establish that the vehicle was required and used for charitable activities and purposes. Absent evidence of this nature, it can only be concluded that Mr. Tremblay received a benefit from personal use of the vehicle.

The storage provider provided the storage space free to the Organization in exchange for caretaking and security services provided by Mr. Tremblay. We have no concerns with the storage provider providing free storage space to the Organization. However, the Organization cannot then provide a portion of its space free of charge to one of its

directors, namely, Mr. Tremblay, for his personal housing in exchange for the services that he provided to the storage provider. This conferred an unacceptable private benefit on Mr. Tremblay, in contravention of the Act.

The Organization was not structured to effectively allow directors to approve or review the expenditures, in detail. This lack of approval or review contributes to our concern that the above expenses were incurred to confer an unacceptable private benefit on Mr. Tremblay.

The Organization's response has not alleviated our concerns and our position remains that the Organization failed to devote all of its resources to charitable activities, and it provided personal benefits to Mr. Tremblay.

4. Failure to Maintain Adequate Books and Records

The Organization's response claims that all of the books and records pertaining to the operations of the Organization were provided at the time of audit and that all reporting was exact and true. Mr. Tremblay stated that the effort and expenditures he did on behalf of the Organization were of charitable intent and that he specifically refrained from acquiring receipts from some suppliers in order to receive better pricing.

While we recognize that the stated intent of the Organization was to save money, as a registered charity, the Organization is required to provide documentary support for all its expenditures, whether they be cash or other methods of payment for us to verify expenditures.

Detailed minutes fully reflecting discussions and operations regarding the Organization's programs and activities were not maintained during the audit period. The Organization acknowledged that meeting minutes were not maintained due to Mr. Tremblay's inexperience, and that this was not intentional.

The Organization's response failed to adequately respond to our concern about the lack of meeting minutes that could show the Organization's board members were fulfilling their fiduciary responsibilities, and exercised direction and control over the Organization's resources.

In summary, the Organization's response has not alleviated our concerns regarding the accuracy and reliability of its books and records. Our position remains that the Organization failed to maintain adequate books and records as required under subsection 230(2) of the Act.

5. Issuing Receipts not in Accordance With the Act and/or its Regulations

As explained in the AFL, official donation receipts issued by the Organization did not comply with the requirements of the Act and/or Regulation 3501. The receipts were not adequately safeguarded and the values used for gifts-in-kind were determined solely by Mr. Tremblay.

The Organization's response regarding values used for the gifts-in-kind are detailed as follows:

- Complete supporting documentation was provided for all gifts-in-kind donations;
- Mr. Tremblay was experienced in determining the fair market value of the items and always used a conservative approach based on an estimated worth of \$.10 per pound;
- In instances where items are over \$1,000 he will, in the future, obtain a written appraisal.

As stated on CRA's website, under the *Determining fair market value of gifts in kind (non-cash gifts)* webpage, "Fair market value is normally the highest price, expressed in dollars, that property would bring in an open and unrestricted market, between a willing buyer and a willing seller who are both knowledgeable, informed, and prudent, and who are acting independently of each other."

While a bulk valuation, or 'by weight' valuation, may be a reasonable method for valuing certain property, the onus remains with the Organization to show that the valuation method it used was reasonable for the various types of property for which it was receipting. A verbal assertion that the amounts are the fair market value is not sufficient support for the valuation.

The Organization's response did not address the fact that its receipts did not meet the requirements of the Act and the Income Tax Regulations. A charity's records must be able to support the amounts reported on its donation receipts and must accurately reflect the donations and income received.

Following our review of the Organization's response, our position has not changed; the Organization's receipting practices do not meet its responsibilities under the Act.

6. Filing the Registered Charity Information Return (Information Return) as Prescribed

As described in the AFL, the amounts reported on the Information Return were not verifiable due to the lack of reconciliation regarding the petty cash account.

In its response, the Organization claims that it maintained careful logging of dates and amounts of every cash paid expense, and that the amounts reconciled to the financial statements.

As mentioned previously, the Organization admitted that not all expenditures recorded were supported by receipts for cash purchases because the vendors the Organization dealt with did not provide them. As a result, we could not verify that the amounts entered were accurate.

It remains our position that the Organization failed to file accurate Information Returns as required by subsection 149.1(14) of the Act.

Summary

As detailed above, the response dated November 20, 2015, submitted by the Organization, failed to adequately address all of the issues raised and identified in our AFL dated October 15, 2015. The Organization has not provided additional documentation or materials in support of its position, and the information that we have received has not alleviated our concerns.

For the reasons outlined above and in our AFL, it is CRA's position that the Organization has failed to meet the requirements for registration as a charitable organization, as outlined in subsection 149.1(1) of the Act, and therefore should have its charitable status revoked pursuant to subsection 168(1) 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;
- (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; or
- (c) makes a disbursement by way of a gift, other than a gift made
 - (i) in the course of charitable activities carried on by it, or
 - (ii) to a donee that is a qualified donee at the time of the gift.

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;
- (b.1) makes a disbursement by way of a gift, other than a gift made
 - (i) in the course of charitable activities carried on by it, or
 - (ii) to a donee that is a qualified donee at the time of the gift;
- (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 149.1(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;

(b.1) makes a disbursement by way of a gift, other than a gift made

(i) in the course of charitable activities carried on by it, or

(ii) to a donee that is a qualified donee at the time of the gift;

(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

The Minister may, by registered mail, give notice to a person described in any of paragraphs (a) to (c) of the definition “qualified donee” in subsection 149.1(1) that the Minister proposes to revoke its registration if the person

- (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;
- (c) in the case of a registered charity or registered Canadian amateur athletic association, fails to file an information return as and when required under this Act or a regulation;
- (d) issues a receipt for a gift 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 the granting of which was expressly or implicitly conditional on the association making a gift to another person, club, society or association.

168(2) Revocation of Registration

Where the Minister gives notice under subsection 168(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,

(d) [Repealed, 2011, c. 24, s. 54]

(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,

(g) refuses to accept for registration for the purposes of this Act any retirement income fund,

(h) refuses to accept for registration for the purposes of this Act any pooled pension plan or gives notice under subsection 147.5(24) to the administrator of a pooled registered pension plan that the Minister proposes to revoke its registration, or

(i) refuses to accept an amendment to a pooled registered pension plan,

the person 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), the administrator of the plan or an employer who participates in the plan, in a case described in paragraph (f) or (f.1), or the administrator of the plan in a case described in paragraph (h) or (i), 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),

(b) [Repealed, 2011, c. 24, s. 55]

(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),

(c.2) the mailing of notice to the administrator of the pooled registered pension plan under subsection 147.5(24), or

(d) the time the decision of the Minister to refuse the application for acceptance of the amendment to the registered pension plan or pooled 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

If 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, or solidarily, 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”

« *montant de l'actif net* »

“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”

« *valeur nette* »

“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.