



June 15, 2023

REGISTERED MAIL

Sheila Britton
Director
Eden Glen Foundation
1250-1500 Georgia W St
Vancouver, BC V6G 2Z6

BN: 819877184RR0001

Case number: 4681541

Dear Sheila Britton:

**Subject: Notice of intention to revoke
Eden Glen Foundation**

We are writing with respect to our letter dated January 18, 2022 (copy enclosed), in which Eden Glen Foundation (the Foundation) was invited to respond to the findings of the audit conducted by the Canada Revenue Agency (CRA) for the period from December 1, 2015 to November 30, 2018. Specifically, the Foundation was asked to explain why its registration should not be revoked in accordance with subsection 168(1) of the Income Tax Act (the Act).

We have reviewed and considered your written response dated February 23, 2022. Your reply has not alleviated our concerns with respect to the Foundation'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 Foundation is not complying with the requirements set out in the Act. In particular, it was found that the Foundation failed to devote its resources to charitable activities in that it gifted resources to a non-qualified donee and has not met its disbursement quota as it misused gifts that were received from non-arm's length charities. This non-compliance constitutes a serious breach of the requirements for registration. For these reasons, it is our position that the Foundation no longer meets the requirements for charitable registration.

Consequently, pursuant to subsections 168(1), 149.1(4), and 149.1(4.1) of the Act, we hereby notify you of our intention to revoke the registration of the Foundation. By virtue of subsection 168(2) of the Act, the revocation will be effective on the date of publication of the following notice in the Canada Gazette:

Notice is hereby given, pursuant to paragraph 168(1)(b), subsection 149.1(4) {and subparagraph 149.1(4)(b.1)(ii)}, and subsection 149.1(4.1) {and paragraphs 149.1(4.1)(d) and 149.1(4.1)(e)} of the Income Tax Act, of our intention to revoke the registration of the charity listed below and that by virtue of paragraph 168(2)(b) thereof, the revocation of registration will be effective on the date of publication of this notice in the Canada Gazette.

Business number	Name
819877184RR0001	Eden Glen Foundation Vancouver BC

As noted in our letter dated January 18, 2022, we informed you that the CRA may revoke the charitable registration of the Foundation. We further informed you, that the CRA may, after the expiration of 30 days from the date of the mailing of the notice, publish a copy of the notice in the Canada Gazette, and on the date of that publication, the Foundation's registration would be revoked.

After considering the Foundation's response, this letter is to inform you that the CRA has decided to issue a notice of intention to revoke the Foundation's registration and will publish a copy of the notice in the Canada Gazette immediately after the expiration of **30 days** from the date of mailing of this notice pursuant to paragraph 168(2)(b) of the Act.

Should the Foundation choose to object to this notice of intention to revoke its registration in accordance with subsection 168(4) of the Act, a written notice of objection, with the Organization's business number, 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:

Assistant Commissioner
Appeals Intake Centre
Post Office Box 2006, Station Main
Newmarket ON L3Y 0E9

However, please note that even if the Foundation files a notice of objection with the CRA, this will not prevent the CRA from publishing the notice of revocation in the Canada Gazette immediately after the expiration of 30 days from the date of mailing of this notice.

The Foundation has the option of filing an application with the Federal Court of Appeal (FCA), as indicated in paragraph 168(2)(b) of the Act, to seek an order staying publication of the notice of revocation in the Canada Gazette. The FCA, upon reviewing

this application, may extend the 30-day period during which the CRA cannot publish a copy of the notice.

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 Foundation 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 Foundation would not be allowable as tax credits to individual donors or as allowable deductions to corporate donors under subsection 118.1(3) and paragraph 110.1(1)(a) of the Act respectively;
- b) by virtue of section 188 of the Act, the Foundation will be required to pay a tax within one year from the date of the notice of intention to revoke. This revocation tax is calculated on Form T2046, Tax Return where Registration of a Charity is revoked. Form T2046 must be filed, and the tax paid, on or before the day that is one year from the date of the notice of intention to revoke. The relevant provisions of the Act concerning the tax applicable to revoked charities can also be found in Appendix B. Form T2046 and the related Guide RC4424, Completing the Tax Return where Registration of a Charity is revoked, are available on our website at canada.ca/charities-giving;
- c) the Foundation will no longer qualify as a charity for purposes of subsection 123(1) of the Excise Tax Act. As a result, the Foundation may be subject to obligations and entitlements under the Excise Tax Act that apply to entities other than charities that may result in significant changes in how the Foundation calculates its Goods and Services Tax/Harmonized Sales Tax (GST/HST) to be collected, input tax credits, and rebate entitlements. If you have any questions about your GST/HST obligations and entitlements, please go to canada.ca/gst-hst or call GST/HST Rulings at 1-888-830-7747 (Quebec) or 1-800-959-8287 (rest of Canada).

Finally, we advise that subsection 150(1) of the Act requires that every corporation (other than a corporation that was a registered charity throughout the year) file a return of income with the Minister in the prescribed form, containing prescribed information, for each taxation year. The return of income must be filed without notice or demand.

Yours sincerely,

Sharmila Khare

Sharmila Khare
Director General
Charities Directorate

Enclosures

- Appendix A, Comments on representations
- Appendix B, Relevant provisions of the Act
- Appendix C, Appraisal Report
- CRA letter dated January 18, 2022
- Foundation's representations dated February 23, 2022

APPENDIX A

Eden Glen Foundation Comments on Representations

In our administrative fairness letter (AFL) dated January 18, 2022, we explained that the audit conducted by the Canada Revenue Agency (CRA) for the period from December 1, 2015 to November 30, 2018, identified that Eden Glen Foundation (the Foundation) is not operating in compliance with the provisions of the Income Tax Act (the Act) in the following areas:

1. Failed to devote resources to charitable activities carried on by the Foundation itself;
2. Failed to meet the disbursement quota; and
3. Had an ineligible individual that is a director, trustee, or officer of the charity, or controls or manages the charity.

We have reviewed and considered the Foundation's representations of February 23, 2022, and we maintain our position that the non-compliance issues identified during our audit represent a serious breach of the requirements of the Act. As a result, the Foundation's registration as a charity should be revoked.

The basis for our position is described in detail below, including:

- a summary of the issues raised in our AFL dated January 18, 2022;
- a summary of the Foundation's representations dated February 23, 2022 (the Representations); and
- the CRA's response to the representations.

Several sections of our AFL proposed financial penalties as possible remedial measures to address non-compliance concerns brought forward to the Organization. Upon reviewing the totality of information in the audit, including the Organization's response to our AFL, and based on the severity of the non-compliance, it is our view that revocation of the Foundation's charitable registration is the most appropriate audit outcome. However, the penalty calculations remain part of our conclusions because our concerns have not been alleviated.

Identified areas of non-compliance

1. Failed to devote resources to charitable activities carried on by the Foundation itself

Gifted to non-qualified donees

As outlined in our letter of January 18, 2022, it is our position that the Foundation gifted \$4,475,000 to 1012986 B.C. Ltd.¹ (the Corporation), a non-qualified donee, when it sold the

¹ According to BC Registry Services and the Corporation's Notices of Articles, [REDACTED] Stewart Lynn Blusson was the Corporation's sole director on October 15, 2014, June 18, 2016 and September 16, 2022. This means that [REDACTED] Blusson was the Corporation's only director before, during and after the audit period of December 1, 2015 to November 30, 2018.

Corporation Lot 12 at [REDACTED] in Squamish, BC, for an amount less than its fair market value (FMV) on April 3, 2018. The CRA appraised the value of Lot 12 at the time of the transaction to be \$6,475,000. When the Foundation sold the beneficial ownership interest of Lot 12 to the Corporation for \$2,000,000 (that is, \$4,745,000² less than the property's FMV), it provided an unacceptable private benefit to the Corporation.³ As a result, we proposed to revoke the Foundation's charitable status under subparagraph 149.1(4)(b.1)(ii) of the Act.

The Foundation's representations

The Representations state that the CRA is incorrect in concluding that the Foundation provided a gift to the Corporation when it sold the Corporation Lot 12 for an amount less than its FMV. In the Representations, the Foundation referred to the *Prescient Foundation v MNR*⁴ case (the Prescient case) in which it was concluded that the amount paid by a purchaser for shares was not a gift as there was a consideration exchanged for the shares.

The Representations also disputed the CRA's \$6,475,000 appraisal value of Lot 12 and viewed the appraisal as unreasonable, because Quest University had authority over the development potential of the lot. The Foundation further explained that one of the reasons it sold Lot 12 to the Corporation was due to lack of assurance the Foundation had over the potential of the lot. Further, the Foundation requested that the CRA provide it with a copy of the appraisal report.

Notably, despite its dispute of the CRA's appraisal value (\$6,475,000), the Organization did not provide any substantive information or documentation to support why it feels that the CRA's valuation of Lot 12 is both unfair and unreasonable.

CRA's response

As requested in the Representations, a copy of CRA's appraisal of Lot 12, which includes consideration for the zoning and restricted number of doors/units, has been attached as Appendix C. As the Foundation has not provided any supporting documentation to suggest that the CRA's appraised value of \$6,475,000 is inaccurate, we maintain our position that the appraisal valuation of Lot 12 on April 3, 2018, as estimated by CRA, is a reasonable approximation of the lot's FMV at that point in time.

As outlined in our letter of January 18, 2022, the difference between the FMV of \$6,475,000 and the selling price of \$2,000,000, is \$4,475,000. It is our view that the difference of \$4,475,000 was a gift to the Corporation, a non-qualified donee. However, as indicated above in the Representations, the Foundation challenged our position that the sale of Lot 12 was a gift. The Foundation compares its circumstance to the events that were ruled on in the Prescient case. In

² \$4,745,000 = \$6,475,000 - \$2,000,000.

³ The Foundation continues to maintain title of the property and has not declared any land, buildings or other capital assets on Registered Charity Information Returns since 2017.

⁴ *Prescient Foundation v MNR*, 2013 FCA 120, paragraph 42.

short, the Foundation believes that we cannot consider the sale of Lot 12 to be a gift because the Foundation received consideration as part of the sale.

We do not agree with the Representations in this regard. Unlike the transactions that were considered by the Federal Court of Appeal in the *Prescient* case, it is not our position that the entire “Lot 12” transaction with the Corporation was a gift. Rather, we only considered the difference between the FMV and selling price of Lot 12 to be a gift. This difference being the amount that was in excess of what would be considered as reasonable consideration for Lot 12 at the time of the transaction. That is, the amount in excess of Lot 12’s FMV – which was \$4,475,000.

Accordingly, it remains our view that the Foundation gifted \$4,475,000 to the Corporation, a non-qualified donee, when it sold the Corporation Lot 12 for an amount significantly less than the lot’s FMV.

Delivered non- incidental private benefits

As outlined in our letter of January 18, 2022, it is our position that the Foundation provided an unacceptable private benefit of \$4,475,000 to the Corporation when it sold the Corporation Lot 12 for less than the property’s FMV. We determined the private benefit was neither necessary, reasonable, nor proportionate, and was thus unacceptable. As a result, the Foundation failed to meet the requirement under subsection 149.1(1) of the Act that it devote its resources to charitable activities carried on by it. As the Foundation failed to comply with the requirements of the Act, we proposed to revoke its charitable status in the manner described under 168(1)(b) of the Act.

The Foundation’s representations

The Representations state that the CRA was mistaken when it referred to the Foundation as a charitable organization in our letter of January 18, 2022.

The Representations explained that the Foundation does not believe that the Foundation can be revoked for providing personal benefits, because the benefit that CRA indicated it provided (to a non-qualified donee) was not provided to a “proprietor, member, shareholder, trustee or settlor” of the Foundation⁵. According to the Representations, because the Corporation was not a “proprietor, member, shareholder, trustee or settlor” of the Foundation, it did not fail to comply with the requirements of the Act, even if a benefit was provided to the Corporation.

The Representations also outlined how the Foundation believes that the CRA erred in the AFL when it referred to personal and private benefits as synonymous with one another.

⁵ Per subsection 149.1(1) of the Act, a “charitable foundation” means a corporation or trust that is constituted and operated exclusively for charitable purposes, 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, and that is not a charitable organization.

CRA's response

Designation

We agree that the reference to the definition of a **charitable organization** on page 5 of our letter of January 18, 2022, was incorrect and that we should have referenced the definition of a **charitable foundation** which is "a corporation or trust that is constituted and operated exclusively for charitable purposes, 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, and that is not a charitable organization".

While we apologize for any confusion that this error has caused, the Foundation's specific designation did not have any effect on either our interpretation of the audit findings, which were presented in our letter of January 18, 2022, or the audit findings that we are presenting in this letter. That is, the private benefit concerns identified during the current audit would be considered non-compliant regardless of the Foundation's designation.

Benefit

The Foundation's letter of February 23, 2022, states that "EGF AFL proposes to revoke because the Foundation conferred an improper personal benefit", however, in our letter of January 18, 2022⁶, we in fact proposed to revoke the Foundation's registration for delivering non- incidental private benefits⁷. As further outlined in our January 18, 2022 letter, and per the definition of "charitable foundation" that we cited above, the Income Tax Act requires that charitable foundations be constituted and operated exclusively for charitable purposes. The common law further stipulates that charitable purposes are those that deliver a public benefit. The public benefit requirement precludes registered charities from operating in a manner in which tax-assisted charitable assets are to confer unacceptable private benefits to individuals or corporations who are neither qualifying recipients of charitable services or qualified donees.

Regarding the benefit itself, it is our view that the Foundation conferred a private benefit to the Corporation, when it sold Lot 12 for an amount considerably below its FMV, rather than any public benefit to recognized charitable beneficiaries. In the January 18, 2022 letter we explained that we consider the aforementioned private benefit to be unacceptable as it was neither necessary, reasonable, nor proportionate to the resulting public benefit⁸ and thus, it was not incidental to accomplishing a charitable purpose.

Additionally, we acknowledge the Representations that the terms "private benefits" and "personal benefits" are not always synonymous, nor are they interchangeable. However, whether a specific benefit can be considered a private and/or a personal benefit does not alter the

⁶ Our January 18, 2022 is enclosed and can be referred to for more information pertaining to our audit findings.

⁷ That is, we did not propose to revoke the Foundation for conferring an improper personal benefit.

⁸ The Foundation has not identified any public benefit that resulted from this private benefit, and so there is no public benefit for the private benefit to be proportionate to.

requirement of registered charities to be constituted exclusively for charitable purposes. Meaning, if it can be demonstrated that a purpose of a particular charity is to provide either a private or a personal benefit, then that charity has not upheld its requirements for continued registration.

To be registered as a charity under the Act a charitable foundation must be “constituted” and “operated” exclusively for charitable purposes:

- constituted for exclusively charitable purposes means each of the foundation’s stated purposes is charitable according to common law applicable to Canada, or the Act.
- operated for exclusively charitable purposes means all (100%) of the foundation’s resources (funds, personnel, and property) are devoted to one of the following:
 - activities carried on by the organization itself that further its stated purposes; or
 - making qualifying disbursements.

While the Act does not define what is charitable, it does provide the definitions for “registered charity”, “charitable foundation,” “charitable organization,” “private foundation,” and “public foundation”⁹. Accordingly, the Act relies on the common law meaning of charitable, which sets out the four broad categories¹⁰.

According to common law applicable to Canada, a purpose is charitable when it satisfies all three of the following:

- it fits within one of four broad categories of charity:
 - relief of poverty
 - advancement of education
 - advancement of religion
 - other purposes beneficial to the community in a way the law regards as charitable

⁹ The definition for “registered charity” is provided in subsection 248(1) of the Act, while the definitions for the terms “charitable foundation”, “charitable organization”, “private foundation”, and “public foundation” are found in subsection 149.1(1) of the Act.

¹⁰ The four broad categories of charitable purposes, 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] AC 531 (PC) [Pemsel]. In Canada, 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] SCR 133 [Guaranty Trust], and confirmed in *Vancouver Society of Immigrant and Visible Minority Women v MNR*, [1999] 1 SCR 10 [Vancouver Society], at paras 147-148.

- it defines the scope of the activities that can be conducted in its furtherance.¹¹
- it is capable of providing public benefit (and does not provide non incidental private benefit)

The Income Tax Act requires all purposes and activities be charitable. Charitable activities would be those that directly further charitable purposes and not other, non-charitable, purposes. For more information in this regard, see guidance "CG-019, How to draft purposes for charitable registration".

As explained above, we have identified a substantial benefit that was provided to the Corporation that was not provided in the course of the Foundation also fulfilling a charitable purpose. Accordingly, we have considered the benefit to be an unreasonable benefit which means that the Foundation was not operating exclusively for charitable purposes and therefore failed to meet the definition of a charitable foundation.

It remains our view that the Foundation gifted \$4,475,000 to the Corporation when it sold the Corporation, a non-qualified donee, property for an amount that was substantially less than FMV. By gifting to a non-qualified donee, the Foundation has provided an unacceptable private benefit to the Corporation, and in doing so made a disbursement not in the course of conducting its own charitable activities or fulfilling a charitable purpose. For this reason, our position remains that there are grounds for revocation of the Foundation's charitable status under subparagraph 149.1(4)(b.1)(i) and that the Foundation's registration should be revoked in the manner described in paragraph 168(1)(b) of the Act.

Conferred an undue benefit on a person

As stated in our letter dated January 18, 2022, it is our view that the Foundation provided an unacceptable private benefit of \$4,475,000 to the Corporation when it sold the beneficial ownership of Lot 12 to the Corporation for significantly less than the property's FMV. Specifically, given that the FMV was \$6,475,000 and the Corporation acquired the property for only \$2,000,000, the difference of \$4,475,000 constitutes a substantial unacceptable private benefit.

It is our view that this material benefit conferred by the Foundation to the Corporation constitutes a gift to the Corporation¹², which was not reasonable consideration for property

¹¹ See Vancouver Society, *supra* note iii, at para 159, per Jacobucci J for the majority:

In conclusion, on the basis of the Canadian jurisprudence, the requirements for registration under s. 248(1) come down to two:

- 1) the purposes of the organization must be charitable, and must define the scope of the activities engaged in by the organization; and
- 2) all of the organization's resources must be devoted to these activities [...].

¹² That is, the \$4,475,000 private benefit.

acquired by (or services rendered to) the Foundation¹³, was not made in the course of a charitable act¹⁴, and was not a gift to a qualified donee¹⁵.

As such, the gift can be considered an undue benefit per the definition of “undue benefits” that is provided in subsection 188.1(5) of the Act. As a result, we proposed to sanction the Foundation under subsection 188.1(4) of the Act.

The Foundation’s representations

In the Representations the Foundation explained that in our January 18, 2022 letter, we did not properly apply the statutory definition of undue benefits as defined in subsection 188.1(5) of the Act.

Specifically, the Representations outlined the Foundation’s opinion that that under subsection 188.1(5) of the Act, undue benefits only apply to personal benefits received by persons that meet specific criteria. The Representations further explained that since the Corporation does not meet these specific criteria, the amounts in question cannot be considered an undue benefit.

CRA’s response

Contrary to the position in the Representations, any gift—unless made in the course of the charitable activities of the charity¹⁶ or if made to a qualified donee¹⁷—can be considered an undue benefit. Accordingly, it remains our position that the Foundation gifted \$4,475,000 to the Corporation, a non-qualified donee, when it sold the Corporation Lot 12 for an amount less than FMV, and therefore the amount of the gift can be considered an undue benefit under subsection 188.1(5) of the Act.

We also maintain our view that the gift made to the Corporation meets the definition of an undue benefit. However, we are no longer considering assessing an undue benefit penalty¹⁸ against the Foundation, as we have now declared our intention to instead revoke the Foundation’s registered status.

2. Failed to meet the disbursement quota

Misused gifts received from registered charities that are at non-arm’s length

In our January 18, 2022 letter, we discussed how the Foundation received a gift of land with a FMV of \$17,110.000 on January 12, 2016 from Foundation for Public Good (Public Good), a

¹³ Paragraph 188.1(5)(a) of the Act.

¹⁴ Paragraph 188.1(5)(b) of the Act.

¹⁵ Paragraph 188.1(5)(c) of the Act.

¹⁶ See paragraph 188.1(5)(b) of the Act.

¹⁷ See paragraph 188.1(5)(c) of the Act.

¹⁸ We proposed an undue benefit penalty of \$4,698,750 in our letter dated January 18, 2022.

registered charity. As stated in our letter dated January 18, 2022, it is our position that Public Good was not at arm's length to the Foundation at the time of the gift.

In addition, the Foundation received the following gifts of cash from registered charities which we also consider to be not at arm's length with the Foundation¹⁹:

- June 9, 2016 \$35,000 from Timothy Foundation²⁰ (Timothy)
- August 15, 2016 \$100,000 from Timothy
- October 3, 2016 \$99,998 from CHIMP: Charitable Impact Foundation (CHIMP)

Further, we explained that because the Foundation was not at arm's length with any of the above listed entities, the Foundation was required to expend, in addition to its disbursement quota (DQ), a total of \$17,344,998²¹, by the end of its following fiscal period (that is, November 30, 2017) to arm's length registered charities, and the potential consequences for the Foundation's failure to comply with this requirement included revocation under paragraph 149.1(4.1)(d) of the Act and/or the assessment of a financial penalty under subsection 188.1(12) of the Act.

According to the amounts reported by the Foundation on its Form T3010, Registered Charity Information Returns, the total amount of gifts made to qualified donees²² over the course of its 2016 and 2017 fiscal periods was \$10,660,000. As this amount is less than the FMV of the gifts received from Public Good, Timothy, and CHIMP (\$17,344,998), it our view that the Foundation failed to meet its expenditure requirement^{23,24}.

Further, included in the Foundation's \$10,660,000 in gifts to qualified donees were the following gifts to registered charities that were not operating at arm's length to the Foundation:

- November 9, 2016 \$45,000 to Timothy
- January 7, 2017 \$100,000 to Public Good
- January 20, 2017 \$10,500,000 to CHIMP

Finally, in the January 18, 2022 letter, we acknowledged that the Foundation had made a \$15,000 gift to Kildonan Foundation, which is a charity that operated at arm's length with the Foundation at the time of the gift.

¹⁹ Please see our January 18, 2022 letter, enclosed with this letter, for our analysis regarding the nature of the relationship between the Foundation, these two charities and Public Good.

²⁰ On October 22, 2022, Timothy Foundation was revoked as a result of an audit for: failing to comply with or contravening any of section 230 to 231.5 (par. 168(1)(e) of the Act), carrying on an unrelated business (par.

149.1(3)(a) of the Act), failing to meet its disbursement quota (par. 149.1(3)(b) of the Act), and for failing to meet the expenditure requirements for gifts it received from another registered charity with which it did not deal at arm's length (par. 149.1(4.1)(d) of the Act).

²¹ \$17,110,000 + \$35,000 + \$100,000 + \$99,998 = \$17,344,998

²² The Foundation's only activity is gifting to qualified donees.

²³ That is, \$10,660,000 is less than \$17,344,998, and so by default the Foundation could not have met its expenditure requirement.

²⁴ For purposes of this letter, the Foundation's "expenditure requirement" is the Foundation's DQ plus the gifts it received from registered charities not operating at arm's length during the fiscal period ended on December 31, 2016 [\$17,344,998].

As a result of the above non-compliance, we informed the Foundation that it was our view that it had neither met its DQ nor the expenditure requirements related to gifts received from registered charities at non-arm's length. We indicated that we were considering revoking the Foundation under paragraph 149.1(4.1)(d) of the Act, and assessing a financial penalty under subsection 188.1(12) of the Act.

The Foundation's representations

In the Representations, the Foundation explains that if it had thought it was not dealing at arm's length with Public Good, it would have filed the gift it received from Public Good as a designated gift. The Foundation states that it continues to believe the two entities deal at arm's length, though it has provided no explanation to support this belief.

Nonetheless, the Foundation explains that Public Good has agreed to designate the gift and the appropriate filings will be made. As a result, the Foundation states that the disbursement requirements outlined in our January 18, 2022 letter, will not apply.

CRA's findings

In the Representations, the Foundation states "we would have filed the Foundation for Public Good gift as a designated gift if we thought we were not dealing at arm's length. We maintain our position that these two entities are dealing at arm's length". No further information or supporting documentation was provided in the Representations to support that the Foundation and Public Good dealt at arm's length at the time of the transaction.

The Foundation further states that it requested Public Good "consider designating the identified gift in their information return for the appropriate taxation year. The directors of Foundation for Public Good have agreed and the appropriate filings are being made with Charities Directorate".

Subsection 149.1(1) of the Act defines a designated gift as a gift made by a registered charity to another registered charity, with which it does not deal at arm's length. The gift only becomes a designated gift when the donor charity indicates it as such on its Form T3010 for the taxation year in which the gift was made.²⁵ As such, the donor charity cannot subsequently file a Form T1240, Registered Charity Adjustment Request to retroactively indicate a gift is—or was—a designated gift.

In addition, as per paragraph 149.1(12)(b) of the Act, when calculating its income a registered charity must include all gifts it received including gifts from other registered charities, other than designated gifts. As a result, when a registered charity receives a designated gift, it does not have to include the amount of the gift as income for the fiscal period in which the gift was made, and as such, the amount of the gift is not applied to the charity's disbursement quota. However,

²⁵ Subsection 149.1(1) defines designated gift "means that portion of a gift of property made in a taxation year by a particular registered charity, to another registered charity with which it does not deal at arm's length, that is designated by the particular registered charity in its information return for the taxation year".

should the donor charity not indicate on its Form T3010, for the fiscal period in which the gift was made, that the gift is a designated gift, the recipient charity shall include the amount of the gift in its calculation of its income, and the amount will be applied to its disbursement quota.

Public Good did not indicate on its Form T3010 for its fiscal period ending May 31, 2016, that the \$17,110,000 gift to the Foundation was a designated gift. As such, the Foundation must include the amount of the gift as income for the fiscal period ending November 20, 2016. As a result, the amount of the gift must be included in the Foundation's expenditure requirement for that fiscal period.

Accordingly, we maintain our position that the Foundation has not met its disbursement quota and that it misused gifts received from non-arm's length registered charities. As a result, the Foundation's registration should be revoked under paragraph 149.1(4.1)(d) of the Act in the manner provided in paragraph 168(1)(b) of the Act.

We also maintain our position that this non-compliance is also subject to sanction under subsection 188.1(12)²⁶ of the Act, as we proposed in our January 18, 2022 letter. However, due to our decision to revoke the Foundation's registered status under paragraph 149.1(4.1)(d) of the Act, we are no longer considering assessing a sanction for this non-compliance.

Finally, in reviewing our January 18, 2022 letter, we noted that while we concluded that the Foundation had not met its DQ—a revocable offense—we did not cite paragraph 149.1(4)(b) of the Act in our concluding “In summary” paragraphs when we proposed to revoke the Foundation's registered status on this basis. In order to provide the Foundation with procedural fairness, we have removed paragraph 149.1(4)(b) of the Act as a legislative reference to support our recommendation to revoke the Foundation's registered status. Note, that our removal of this legislative reference does not affect our position that the Foundation should be revoked under paragraph 149.1(4.1)(d) of the Act.

3. Had an ineligible individual that is a director, trustee, or officer of the charity, or controls or manages the charity

According to the Register of Members provided during the audit, Leslie Brandlmayr is a member of the Foundation. Leslie Brandlmayr was previously a director of a registered charity, Canadian Education Forum, which had its charitable status revoked as the result of an audit, effective May 19, 2018. Leslie Brandlmayr was a director of Canadian Education Forum during the period it was under audit. Based on this information, it is our position that Leslie Brandlmayr meets the definition of an ineligible individual pursuant to subsection 149.1(1) of the Act. As a result, in our January 18, 2022 letter, we proposed to either suspend the Foundation's charitable status under paragraph 188.2(2)(d) of the Act or revoke it under paragraph 149.1(4.1)(e) of the Act.

²⁶ In our letter dated January 18, 2022, we proposed to access a \$19,062,998 penalty under subsection 188.1(12) of the Act.

The Foundation's representations

In the Representations, the Foundation confirmed that Leslie Brandlmayr was a member of the Foundation during the audit and was also a director of revoked charity, Canadian Education Forum, during the time it was under audit. However, the Foundation disagreed that Leslie Brandlmayr controlled and/or managed the Foundation and explained that she was not a director, officer, like official, or a signing officer on any of the Foundation's bank accounts. The Foundation explained that Leslie Brandlmayr provided insight to the directors regarding the Foundation's dealings with Quest University Canada. The Foundation explained that its directors were tasked with its decision making.

The Foundation explained that as Leslie Brandlmayr became an ineligible individual after the transactions discussed in our January 18, 2022 letter²⁷, revocation or suspension of its charitable status is not supported.

Additionally, the Foundation explained that Leslie Brandlmayr has offered to resign as a member but the Foundation would prefer she remain on the board of directors until the Foundation has completed all dealings related to Quest University Canada. The Foundation confirms it would accept Leslie Brandlymayr's resignation if the issue was the basis for its charitable status being revoked and requested CRA advise if this is the case.

CRA's findings

In the Representations, the Foundation stated: "We do not agree that Ms. Brandlmayr controlled and/or managed the affairs of the Foundation. Ms. Brandlmayr was one of the three members and was not a director, officer or like official nor was she a signing officer on any of the Foundation's bank accounts. Ms. Brandlmayr provided valuable insight to the directors on the Foundation's dealings with Quest University Canada but she did not control or manage the Foundation."

Regardless of the official title Leslie Brandlmayr had with the Foundation during the audit period, both our audit findings and the Representations are consistent in that she played an important role in the decision making and direction of the Foundation. As outlined in our letter of January 18, 2022, the Foundation's bylaws grant its members the power to elect, remove, and extend the board of directors. It is through such authority that the members have control over the Foundation. We used the Foundation's own bylaws to arrive at our proposal to revoke or suspend the Foundation for having Leslie Brandlmayr as one of its controlling members. Accordingly, as an ineligible individual, Leslie Brandlmayr's role within the Foundation, including remaining as a member while the Foundation concludes its dealings with Quest University Canada, would remain grounds for revocation.

²⁷ Leslie Brandlmayr became an ineligible individual on May 19, 2018, while the audit period (for the Foundation's current audit) ended on November 30, 2018. According to the Foundation's 2022-02-23 response to our AFL, at that time, this individual still played an active role in the Foundation's affairs.

It is also notable, that in addition to being an ineligible individual during the audit period. Leslie Brandlmayr was the director of Timothy when it was recently revoked as a result of an audit conducted by the CRA. As discussed above, Timothy has been identified as an entity that did not operate at arm's length to the Foundation, and Timothy was both the donor and recipient of gifts to and from the Foundation during the audit period.²⁸ Furthermore, the non-compliance that was identified in the Timothy audit was similar to the non-compliance we have identified in the current audit of the Foundation. In our view, this demonstrates a pattern of willful and consistent non-compliant behavior that Leslie Brandlmayr has been involved in while she has operated as a member, or director, of multiple charities.²⁹

During the audit period, and in the over four years since, Leslie Brandlmayr was an ineligible individual. The Foundation made no effort to remove this individual from its Register of Members until it received our January 18, 2022 letter.

Accordingly, we maintain our position that the Foundation had an ineligible individual whom managed or controlled the Foundation, and that the Foundation's registration should be revoked on this specific basis, under paragraph 149.1(4.1)(e) of the Act in the manner provided in paragraph 168(1)(b) of the Act.

We also maintain our position that this non-compliance is also subject to a suspension of the Foundation's receipting privileges under paragraph 188.2(2)(d) of the Act, as we proposed in our January 18, 2022 letter. However, due to our decision to revoke the Foundation's registered status under paragraph 149.1(4.1)(e) of the Act, we are no longer considering assessing a suspension for this specific non-compliance.

Additional Representations – Administrative Fairness

In the Representations, the Foundation informed the CRA of its concern that it is not being accorded administrative fairness and requests the CRA address its concerns.

CRA's response

In the Representations, the Foundation did not provide us with any evidence or rationale to support its assertion that the CRA has not provided the Foundation with procedural/administrative fairness throughout the current audit.

It is our view that we have provided the Foundation with administrative fairness during the audit process, by outlining the non-compliance concerns identified in the audit and providing the

²⁸ In addition to Timothy, our records indicate that Leslie Brandlmayr also served as director of the Foundation for Public Good during the Foundation's audit period.

²⁹ Leslie Brandlmayr is also considered to be an ineligible individual as a result of being listed as a director on five other registered charities that have since been revoked for cause, including: HSEF Renaissance Academy (2022-11-19); Stewards' Charitable Foundation (2022-11-19); Brightline Foundation (2022-11-19); Howe Sound Samaritans' Foundation (2022-11-07); and Headwaters Foundation (2022-09-10).

Foundation with an opportunity to respond in order to address any misunderstandings or inaccuracies by the CRA. The onus is on the Foundation to demonstrate that we have erred or that the audit should not result in revocation³⁰. Additionally, should the Foundation disagree with the outcome of this audit, administrative fairness will continue to be extended, and the Foundation will have the right to recourse, through objection and appeal processes.

Conclusion

For the reasons outlined above, it is the CRA's position that the Foundation has failed to meet the requirements for registration as a private foundation as outlined in subsection 149.1(1) of the Act. As such, the Foundation should have its registration as a charity revoked pursuant to subsection 168(1) of the Act.

We also maintain our position that while the non-compliance identified during the audit may warrant the application of sanctions, based on the severity of the non-compliance we are no longer considering the assessment of Part V sanctions, as it is our view that revocation of registration is the appropriate outcome in this circumstance.

³⁰ See *Public Television Association of Quebec v. Canada (National Revenue)*, 2015 FCA 170 and *Canadian Committee for the Tel Aviv Foundation v Canada* 2002 FCA 72.

APPENDIX B

Qualified Donees

149.1 (1) Definitions

charitable foundation means a corporation or trust that is constituted and operated exclusively for charitable purposes, 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, and that is not a charitable organization

charitable organization, at any particular time, means an organization, whether or not incorporated,

(a) constituted and operated exclusively for charitable purposes,

(a.1) all the resources of which are devoted to charitable activities carried on by the organization itself,

(b) 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,

(c) more than 50% of the directors, trustees, officers or like officials of which deal at arm's length with each other and with

(i) each of the other directors, trustees, officers and like officials of the organization,

(ii) each person described by subparagraph (d)(i) or (ii), and

(iii) each member of a group of persons (other than Her Majesty in right of Canada or of a province, a municipality, another registered charity that is not a private foundation, and any club, society or association described in paragraph 149(1)(l)) who do not deal with each other at arm's length, if the group would, if it were a person, be a person described by subparagraph (d)(i), and

(d) that is not, at the particular time, and would not at the particular time be, if the organization were a corporation, controlled directly or indirectly in any manner whatever

(i) by a person (other than Her Majesty in right of Canada or of a province, a municipality, another registered charity that is not a private foundation, and any club, society or association described in paragraph 149(1)(l)),

(A) who immediately after the particular time, has contributed to the organization amounts that are, in total, greater than 50% of the capital of the organization immediately after the particular time, and

(B) who immediately after the person's last contribution at or before the particular time, had contributed to the organization amounts that were, in total, greater than 50% of the capital of the organization immediately after the making of that last contribution, or

(ii) by a person, or by a group of persons that do not deal at arm's length with each other, if the person or any member of the group does not deal at arm's length with a person described in subparagraph (i)

qualified donee, at any time, means a person that is

(a) registered by the Minister and that is

(i) a housing corporation resident in Canada and exempt from tax under this Part because of paragraph 149(1)(i) that has applied for registration,

(ii) a municipality in Canada,

(iii) a municipal or public body performing a function of government in Canada that has applied for registration,

(iv) a university outside Canada, the student body of which ordinarily includes students from Canada, that has applied for registration, or

(v) a foreign charity that has applied to the Minister for registration under subsection (26),

(b) a registered charity,

(b.1) a registered journalism organization,

(c) a registered Canadian amateur athletic association, or

(d) Her Majesty in right of Canada or a province, the United Nations or an agency of the United Nations.

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;

(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; and

(f) of a registered charity, if it accepts a gift from a foreign state, as defined in section 2 of the State Immunity Act, that is set out on the list referred to in subsection 6.1(2) of that Act.

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(1) 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.

Tax and Penalties in Respect of Qualified Donees

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

$$\mathbf{A - B}$$

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) a registered charity
 - (i) 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.

- (ii) that is not the subject of a suspension under subsection 188.2(1),
- (iii) that has no unpaid liabilities under this Act or under the Excise Tax Act,
- (iv) that has filed all information returns required by subsection 149.1(14), and
- (v) 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; or

(b) a municipality in Canada that is approved by the Minister in respect of a transfer of property from the particular charity.

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) Joint and several, or solidary, liability – tax transfer

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 of a charitable foundation at any time means the amount determined by the formula

$$\mathbf{A} - \mathbf{B}$$

where

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

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

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

$$\mathbf{A} - \mathbf{B}$$

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
 - (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 described in paragraph 188(1.3)(a) 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).

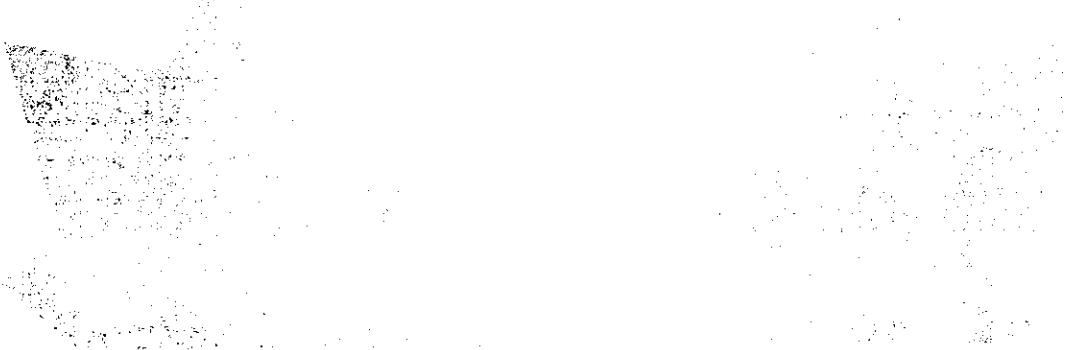
189 (7) Minister may assess

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.



APPRAISAL REPORT

[REDACTED] Squamish, BC [REDACTED]



PREPARED FOR:

Lacy Ballan

CRA AUDIT

VINTSO - 1228

C/o 9755 King George Blvd

SURREY, BC

DATE OF REPORT

June 10, 2020

EFFECTIVE DATE

April 3, 2018

PREPARED BY:

Robert Minnelly, [REDACTED]

Real Estate Appraisal Section

1227 - VTSO

c/o 9755 King George Blvd

Surrey, BC



June 10, 2020

Lacy Ballan
CRA AUDIT
VINTSO - 1228
c/o 9755 King George Blvd
Surrey, BC

Re: **Retrospective Fair Market Value of the Vacant Multi Family Development Parcel Located at:**
Address: [REDACTED] Squamish, BC [REDACTED] ("the Subject")
Taxpayer: Eden Glen Foundation
Our File: 24200931 / 17958

Dear May:

In accordance with your request, I hereby submit a narrative appraisal report of the above mentioned property as at April 3, 2018 for the purpose of the *Income Tax* and/or *Excise Tax Acts*.

As result of the analysis and interpretation of the relevant data, the retrospective fair market value of the subject, as at April 3, 2018 is estimated to be:

SIX MILLION FOUR HUNDRED SEVENTY FIVE THOUSAND DOLLARS (\$6,475,000)

The estimate of fair market value assumes a reasonable exposure time considered to be within the 3 to 6 month range. As set out elsewhere in this report, this appraisal is subject to certain Assumptions, Limiting Conditions, Disclaimers and Limitation Liability, the verification of which is outside the scope of this report. The report is also subject to Extraordinary Assumptions and Limiting Conditions, including any Jurisdictional Exception; the reader's attention is specifically directed to Sections 1.2, 1.3 & 1.4 and 6 of this report.

Should you have any questions, or if I may be of further assistance in this or other matters, please communicate with me.

Respectfully submitted,

[REDACTED]

MINIELLY
Y

Robert Minielly
Real Estate Appraisal Advisor
Real Estate Appraisal Section
1227 - VTSO

Digitally signed by MINIELLY
ROBERT
DN: C=ca, O=gc, OU=ccra-adrc,
OU=PERSONNEL, CN=MINIELLY
ROBERT +
SERIALNUMBER=201825715490586
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Reason: I am the author of this
document
Location: your signing location here
Date: 2020-07-02 14:29:47
[REDACTED]



PREAMBLE

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PHOTOGRAPHS OF SUBJECT PROPERTY



FRONT VIEW VIA 2012 [REDACTED]

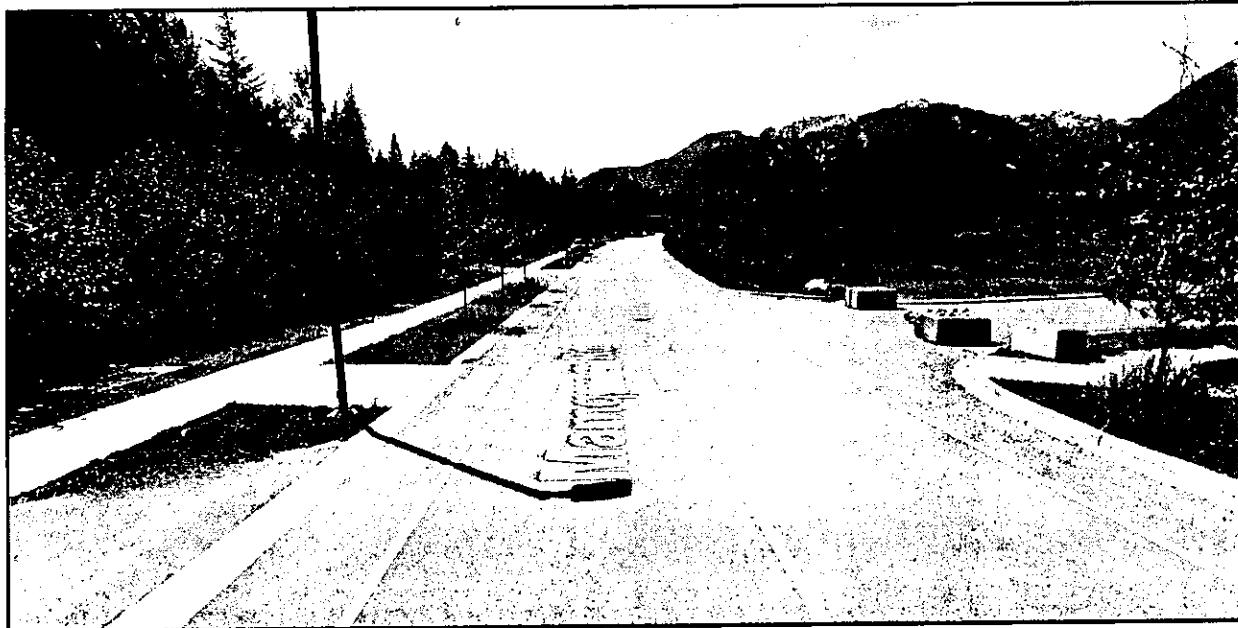


FRONT VIEW VIA 2012 [REDACTED] / SUBJECT ON RIGHT

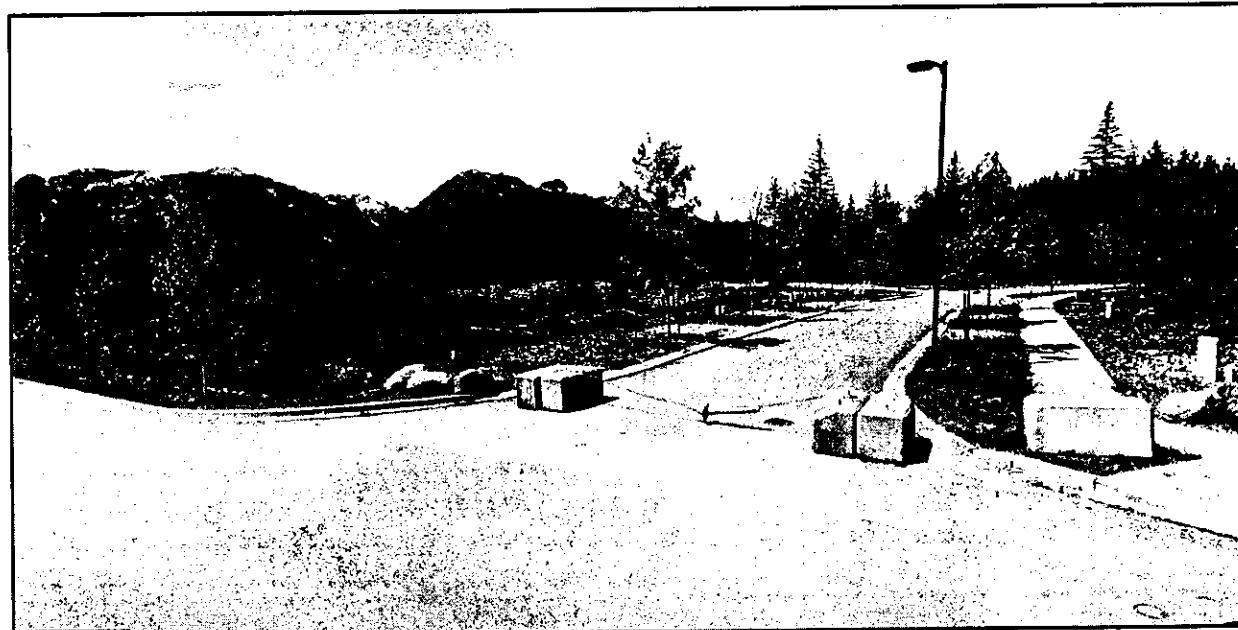
Source: [REDACTED]



PHOTOGRAPHS OF SUBJECT PROPERTY



FRONT VIEW VIA 2012 [REDACTED] /SUBJECT ON LEFT/FUTURE ROAD TO
LEFT



2012 [REDACTED] /LOOKING FROM SUBJECT SITE

Source: [REDACTED]



EXECUTIVE SUMMARY

Address of Subject Property: [REDACTED] Squamish, BC

Legal Description: Lot 12, [REDACTED] New
Westminster District

PID:

Taxpayer: Eden Glen Foundation

Effective Date: April 3, 2018

Report Date: June 10, 2020

Date of Inspection: N/a

Value Indicated By

The Cost Approach: n/a

The Income Approach: n/a

The Direct Comparison Approach: \$6,475,000

Final Estimate of Market Value*: *\$6,475,000

*As set out elsewhere in this report, this appraisal is subject to certain Assumptions, Limiting Conditions, Disclaimers and Limitation Liability, the verification of which is outside the scope of this report. The report is also subject to Extraordinary Assumptions and Limiting Conditions, including any jurisdictional exception; the reader's attention is specifically directed to Sections 1.2, 1.3 & 1.4 and 6 of this report.

PROPERTY SUMMARY

Property Type	Vacant Multi Family Development Site
Year Built	n/a
Interest Appraised	Fee Simple
Site Description	Strata
Existing Use	Vacant Multi Family Development Site
Property Assessment (as of July 1, 2018)	\$5,853,000 (2019 Assessment Roll)
Zoning	UH-1, University Housing – 1
Highest and Best Use	Multi Family and Partial Commercial Development in accordance with the existing UH-1, University Housing - 1 By-Law



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APPENDICES

- A. Title Search
- B. Zoning



1. INTRODUCTION

1.1 Basis of Appraisal

1.1.1 Client and Intended User(s)

This appraisal report is intended solely for the use of Lacy Ballan ("the client and intended user") as well as authorized employees of the CRA. In order for this report to be valid, it must be used in its entirety. Unauthorized reliance by any other party without the author's written consent is expressly denied.

1.1.2 Intended Use of the Report

This appraisal report is solely for the use of the CRA in the administration of the *Income Tax Act* and/or *Excise Tax Act*.

1.1.3 Purpose and Date of the Appraisal

To estimate the retrospective fair market value of the subject property as at the effective date of April 3, 2018.

1.1.4 Property Rights Appraised

The property rights appraised are those which are held by the current owner and consist of the Fee Simple interest of the property.

1.1.5 Definitions of Fair Market Value

As per the Canadian Uniform Standards of Professional Appraisal Practice ("CUSPAP")¹, an accepted definition of Fair Market Value by the Appraisal Institute of Canada ("AIC") is as follows:

The most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of sale as of the specified date and the passing of title from seller to buyer under conditions whereby:

1. *Buyer and seller are typically motivated;*
2. *Both parties are well informed or well advised, and acting in what they consider their best interests;*
3. *A reasonable time is allowed for exposure in the open market;*
4. *Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and*
5. *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

Retrospective Value: *Refers to an effective date prior to the date of the report. It is a retrospective estimate of value based upon an analysis of past events, assuming a competitive and open market.*

¹ Effective on January 1st, 2018



Current Value: Refers to an effective date contemporaneous with the date of the report, at the time of inspection or, at some other date within a reasonably short period of time from the date of inspection when market have not, or are not expected to have, changed.

1.1.6 Relevant Dates

Effective Date (is of the opinion or conclusion) : April 3, 2018
Report Date (is the date of this report) : June 10, 2020
Inspection Date (is the date of subject property was inspected) : N/A

1.1.7 Scope of Work

This appraisal report has been prepared with the necessary research and analysis required to fulfil the intended use and requirements from CUSPAP. The steps completed include:

1. *Inspection:* The Subject site was not inspected. Our identification of the property and comparables involved a review of mapping prepared by the local municipality and historical views on [REDACTED] mapping.
2. *Data Research:* Detailed research into the physical, legal, social, political, economic and other factors that could affect the property was completed. Appropriate and comparable market transactions were identified, researched, analyzed and verified where possible.
3. *Verification of Third Party Information:* The analysis set out in this report relied on written and verbal information obtained from a variety of sources I considered reliable. Unless otherwise stated herein, I did not verify client-supplied information, which I believed to be correct. The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration, so I did not fully document or confirm by reference to primary sources of all information herein
4. *Type of Analysis:* Based on the data researched, I determined what approaches to value were reasonable and appropriate for the terms of reference and purpose of the appraisal. Discussion on the approaches used is detailed in Valuation Methodologies and Exclusions.
5. *Audits and Technical Investigations:* I did not complete technical investigations such as:
 - Detailed inspections or engineering review of the structure, roof or mechanical systems;
 - An environmental review of the property;
 - A site or building survey;
 - Investigations into the bearing qualities of the soil; or
 - Audits of financial and legal arrangements reported by the owner and its agents concerning the leases.

1.2 Hypothetical Conditions

Not applicable.

1.3 Extraordinary Assumptions and Extraordinary Limiting Conditions

Unless otherwise noted in the appraisal, it has been assumed no significant changes have been made to the subject property in the time period between the retrospective effective date of this appraisal and the inspection date although we do recognize that development around the site has continued.

The Subject site was not inspected. Our identification of the property and comparables involved a review of mapping prepared by the local municipality and historical views on Google Street view mapping.



The Cost Approach and the Income Approach have not been included in this appraisal for reasons to be discussed in the Preamble to the Three Approaches to Value page of this report.

1.4 Jurisdictional Exception

The Jurisdictional Exception permits the appraiser to disregard a part or parts of the Standards determined to be contrary to law or public policy in a given jurisdiction and only that part shall be void and of no force or effect in that jurisdiction. The following comments identify the parts or parts disregarded, if any, and the legal authority justifying these actions.

The Crown has proprietary rights over all information considered in the preparation of this report. Its release and use without consent of the Crown may constitute a breach of the Copyright Act and disclosure of confidential information would constitute a breach of Section 241 of the Income Tax Act and Section 295 of the Excise tax Act. The information collected herein is personal and confidential and shall not be disclosed except as provided in the provisions of the Income and Excise Tax Acts. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein.



2. DESCRIPTION OF THE SUBJECT PROPERTY

2.1 Property Identification

2.1.1 Municipal Address

Squamish, BC

2.1.2 Legal Description

Lot 12, [REDACTED] New Westminster District (PID: [REDACTED])

2.2 Neighbourhood and Area Description

Squamish (2016 census population 19,512) is a community and a district municipality in the Canadian province of British Columbia, located at the north end of Howe Sound on the Sea to Sky Highway. The population of the Squamish census agglomeration – including First Nation reserves of the Squamish Nation not governed by the municipality – is 19,893.

Historical population			Canada 2016 Census	Population	% of Total Population	
1981	10,272	—	Chinese	195	1%	
1986	10,157	-1.1%	South Asian	1,295	6.6%	
1991	11,709	+15.3%	Black	120	0.6%	
1996	13,944	+19.1%	Filipino	565	2.9%	
2001	14,247	+2.2%	Latin American	120	0.6%	
2006	14,949	+4.9%	Visible minority group	70	0.4%	
2011	17,158	+14.8%	Source: ¹⁷	Arab	15	0.1%
2016	19,512	+13.7%		West Asian	25	0.1%
				Korean	80	0.4%
				Japanese	245	1.3%
				Other visible minority	10	0.1%
				Mixed visible minority	65	0.3%
				Total visible minority population	2,865	14.4%
				First Nations	555	2.8%
				Métis	340	1.7%
				Inuit	15	0.1%
				Total Aboriginal population	950	4.9%
				White	14,970	76.7%
				Total population	19,512	100%

The town of Squamish had its beginning during the construction of the Pacific Great Eastern Railway in the 1910s. It was the first southern terminus of that railway (now a part of CN). The town remains important in the operations of the line and also the port. Forestry has traditionally been the main industry in the area, and the town's largest employer was the pulp mill operated by Western Forest Products. However, Western's operations in Squamish permanently ceased on January 26, 2006. Before the pulp mill, the town's largest employer had been International Forest Products (Interfor) with its sawmill and logging operation, but it closed a few years prior to the pulp mill's closing. In recent years, Squamish has become popular with Vancouver and



Whistler residents escaping the increased cost of living in those places, both less than one hour away by highway. Tourism is an increasingly important part of the town's economy, with an emphasis on outdoor recreation.

Attractions include the Stawamus Chief, a huge cliff-faced granite massif favoured by rock climbers. As well as over 300 climbing routes on the Chief proper, a majority of which require traditional climbing protection, there are steep hiking trails around the back to access the three peaks that make up the massif, all giving views of Howe Sound and the surrounding Coast Mountains. In all, between Shannon Falls, Murrin Park, The Malamute, and the Little Smoke Bluffs, there are over 1,200 rock-climbing routes in the Squamish area (and another 300 or so climbs north of Squamish on the road to Whistler). In recent years, Squamish has also become a major destination for bouldering, with over 2,500 problems described in the local guidebook. Kiteboarding and windsurfing are popular water sports in Squamish during the summer. Predictable wind on warm sunny days makes the Squamish Spit a top kiteboarding location in western Canada. Squamish's extensive quality trail system is a key feature of an annual 50-mile ultra trail run, the Squamish 50. Solo runners and relay teams run on many of the same trails as the Test of Metal, and pass through Alice Lake Provincial Park and the campus of Quest University. "The Double" is an award offered annually to the participant with the fastest combined time for both the Test of Metal and Arc'teryx Squamish 50. Other tourist attractions in Squamish include Shannon Falls waterfall; river-rafting on the Elaho and Squamish rivers; snowmobiling on nearby Brohm Ridge; and bald eagle viewing in the community of Brackendale, which has one of North America's largest populations of bald eagles. Squamish is also a popular destination among Greater Vancouver hikers, mountaineers and backcountry skiers, who visit the large provincial parks in the surrounding Coast Mountains.

The current mayor of Squamish is Karen Elliott, who won the 2018 election after having served as a council member. Previous mayors have included Patricia Heintzman (2014-2018); Rob Kirkham (2011-2014); Greg Gardner (2008-2011); Ian Sutherland (2002–2008) among others. Current council members are Eric Andersen, John French, Doug Race, Armand Hurford, Chris Pettingill, and Jenna Stoner. The municipality is part of the Squamish-Lillooet Regional District.

On the provincial level, Squamish is in the West Vancouver-Sea to Sky electoral district. The MLA is Jordan Sturdy (BC Liberal). He was elected in the 2013 provincial election after his predecessor, Joan McIntyre, also of the British Columbia Liberal Party, retired from politics. Sturdy was the sitting mayor of the town of Pemberton at the time of his election to the British Columbia Legislature. He was re-elected in the 2017 provincial election and appointed the critic for Transportation and Infrastructure.

Federally, Squamish is a part of the West Vancouver—Sunshine Coast—Sea to Sky Country electoral district. It is represented by Pamela Goldsmith-Jones of the Liberal Party, who took office after Canada's 2015 federal election.

Squamish has five English public elementary schools: Brackendale Elementary, Garibaldi Highlands Elementary, Mamquam Elementary, Squamish Elementary, and Valleycliffe Elementary. Under the Sea to Sky Learning Connections, the public schools district also manages Sea to Sky Online, Sea to Sky Alternative, Cultural Journeys, and Learning Expeditions. The Conseil Scolaire Francophone de la Colombie-Britannique operates one Francophone primary school in that city. There are two public secondary schools – Howe Sound Secondary School and Don Ross Secondary School – as well as the board office for School District 48 Howe Sound.

Squamish hosts three private schools: Squamish Montessori Elementary School, Cedar Valley Waldorf School, and Coast Mountain Academy for grades 7 through 12. Coast Mountain Academy is located in the campus of Quest University.



Capilano University offers post-secondary education through its Squamish campus, including diploma programs and university transfer courses. Quest University, which opened in September 2007, is Canada's first private, non-profit, secular university.

Squamish is home to a variety of faiths. There are eleven churches and religious organizations, including several Christian denominations, as well as the Bahá'í Faith, and a Sikh temple.

The Squamish Public Library is located in the downtown area on Second Avenue. The library houses a collection of books, CDs, DVDs, and magazines. It has an Art for Loan collection and an online historical archive of various photographs, periodicals, and other items. Nearby museums include the Britannia Mine Museum and the West Coast Railway Association.

In 1998, Squamish was briefly the home of the world's first unionized McDonald's franchise, although the union was decertified by the summer of 1999.

Every year, Squamish hosts the popular Squamish Valley Music Festival, though they did not proceed with the festival in 2016. Usually taking place in August, the festival has hosted artists such as Eminem, Bruno Mars, Macklemore and Arcade Fire.

Squamish has been a filming location for a number of media works. Examples include the films Insomnia (2002 film), Walking Tall (2004 film), Chaos Theory (2008), Star Trek Beyond (2016), the television series Men In Trees, The Guard, A&E's U.S. adaptation of The Returned, the Hallmark Channel's Aurora Teagarden mysteries, and Netflix's Lost in Space reboot.

Climate [edit]

Squamish is one of the wettest inhabited locations in Canada, with over 2 200 millimetres (87 in) of rainfall per year, often falling in long stretches through the winter.

Month	Climate data for Squamish												[Ind]
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Record high °C (°F)	14.5 (58.9)	20.5 (69.9)	25.2 (77.3)	29.0 (84.2)	31.0 (87.8)	32.0 (90.0)	31.0 (87.8)	30.8 (87.4)	30.0 (86.0)	29.0 (84.2)	27.5 (81.5)	17.5 (63.5)	13 (55)
Average high °C (°F)	5.6 (42.1)	8.7 (47.7)	11.3 (52.3)	15.1 (59.2)	18.1 (64.5)	20.5 (68.9)	23.1 (73.6)	23.8 (73.9)	20.7 (69.3)	14.6 (58.3)	8.7 (47.7)	5.2 (41.4)	14.5 (59.3)
Daily mean °C (°F)	2.7 (36.9)	4.6 (40.3)	6.7 (44.1)	9.9 (49.8)	12.9 (55.2)	15.5 (59.9)	17.8 (64.0)	17.8 (64.0)	15.0 (59.0)	10.3 (50.5)	5.5 (41.9)	2.5 (36.5)	10.1 (50.2)
Average low °C (°F)	-0.3 (31.5)	0.4 (32.7)	2.1 (35.8)	4.6 (40.3)	7.6 (45.7)	10.4 (50.7)	12.4 (54.3)	12.2 (54.0)	9.2 (48.6)	5.9 (42.6)	2.3 (35.1)	-0.2 (31.6)	5.5 (41.9)
Record low °C (°F)	-12.5 (9.5)	-14.5 (5.9)	-8 (18)	-2 (28)	0.5 (32.9)	3.5 (39.3)	6 (43)	5 (41)	1.5 (34.7)	-4 (25)	-9.5 (14.9)	-14.5 (5.8)	-14.6 (5.9)
Average precipitation mm (inches)	326.1 (12.84)	192.8 (7.59)	152.6 (6.01)	115.7 (4.56)	82.6 (3.25)	59.3 (2.30)	65.2 (2.61)	82.6 (3.25)	265.5 (10.06)	391.3 (15.41)	290.0 (11.77)	223.0 (8.70)	223.0 (8.70)
Average rainfall mm (inches)	300.2 (11.82)	177.0 (6.93)	152.5 (5.98)	115.7 (4.56)	82.6 (3.25)	59.3 (2.30)	65.2 (2.61)	82.6 (3.25)	255.5 (10.06)	382.2 (15.09)	268.4 (10.57)	214.3 (8.43)	214.3 (8.43)
Average snowfall cm (inches)	25.9 (10.2)	12.1 (5.2)	5.6 (2.2)	0.1 (0.0)	0 (0)	0 (0)	0 (0)	0 (0)	0 (0)	9.2 (3.6)	30.6 (12.0)	87.0 (34.3)	87.0 (34.3)
Average precipitation days (≥ 0.2 mm)	19.4	14.8	18.5	16.3	14.2	12.1	8.3	8.3	8.8	17.1	21.1	19.7	178.4
Average rainy days (≥ 0.2 mm)	17.2	14.0	18.2	16.3	14.2	12.1	8.3	8.3	8.8	17.1	20.5	17.6	172.5
Average snowy days (≥ 0.2 cm)	4.3	2.0	1.1	0.05	0	0	0	0	0	0	1.8	4.1	13.3

Source: [Ind]

University Hill

Garibaldi Highlands is an established neighbourhood situated on a hill amongst the trees. The Highlands offers single family homes on beautiful big lots with plenty of parks and trails easily accessible by foot or bike. The new University Heights area is to the north east of Garibaldi Highlands and features Quest University, a state-of-the-art, liberal arts school. Many homes in University Heights offer spectacular views of the ocean, mountains, and Squamish Valley, as do homes situated on Thunderbird Ridge and Glacier View Drive. The area is experiencing ongoing new development.

The Sea to Sky University Sub Area Plan is intended to encourage the creation of a residential neighbourhood that has a sense of community and identity. The neighbourhood will have the Sea to Sky University as its focal point. The University will ultimately contain educational, social, and housing facilities for 1200 students.



As such this unique neighbourhood will consist of a mixture of land uses, the types of which will contribute to the evolution of an interesting, safe and vibrant community.

It is expected that the non-campus portion of the University neighbourhood will house approximately 2,500 – 3,000 people, and will evolve as a residential area that will provide a variety of housing opportunities for residents to choose from. This will include not only traditional single family subdivisions and smaller lot subdivisions for affordable housing, but also town housing and apartments. The neighbourhood will differ from other neighbourhoods in Squamish, in that mid and high rise buildings may be developed. At build out (maximum 960 units), the neighbourhood will have a greater proportion of multi-family units than single family houses.

To satisfy the recreational and leisure needs of not only the neighbourhood residents and university students but also the overall community, both active and passive opportunities will be provided throughout the neighbourhood. Parks and playgrounds will service active recreational needs, while a trail system linking key elements of the neighbourhood will cater to walkers and cyclists.

A site for an elementary school has been identified in the central portion of the neighbourhood. Should the School District determine that a school is needed within the neighbourhood to serve the school population, then it will be developed when there is enough of a school-aged population to support a new school.

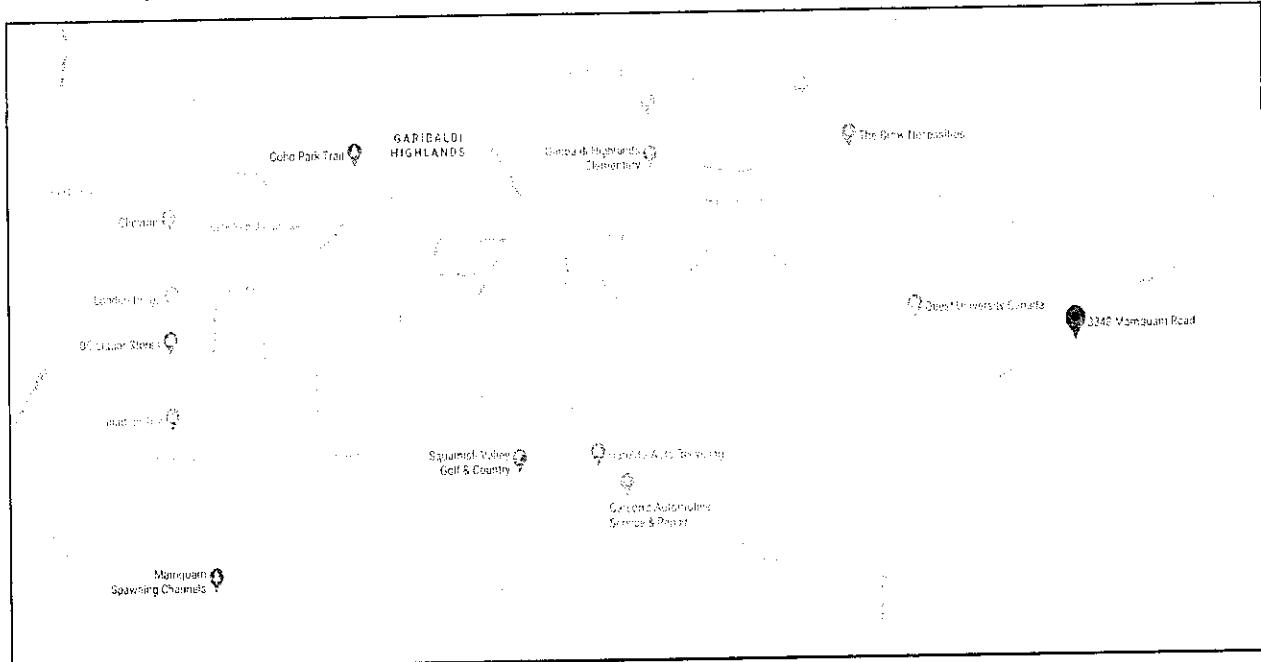
To create a further focus for the neighbourhood, the University will provide a Village type commercial centre on the campus lands that will contain small scale commercial outlets servicing the daily needs of students and residents, such as a convenience store, bakery, dry cleaning, etc. The development of the commercial component may be a longer term concept, and may not occur until a significant amount of housing is developed in the neighbourhood and student enrollment that would create the demand for commercial and community services. Another component of the University will be the development of social and recreational facilities that will be made available for use by the community.

Initial access to the neighbourhood will be provided by an extension of The Boulevard over Mashiter Creek. Over time, the Diamond Head Road access will be upgraded, providing a second access to the neighbourhood.

The University neighbourhood will develop in an incremental and gradual manner over the years in accordance with the demand for housing that will be generated by market forces.

This Sub Area Plan is intended to manage the growth of the neighbourhood in a way that is sensitive to the lifestyle of existing and future residents, meaning that the necessary supporting infrastructure (i.e. roads, hard services, parks and community amenities) will be provided to adequately serve the neighbourhood's residents.

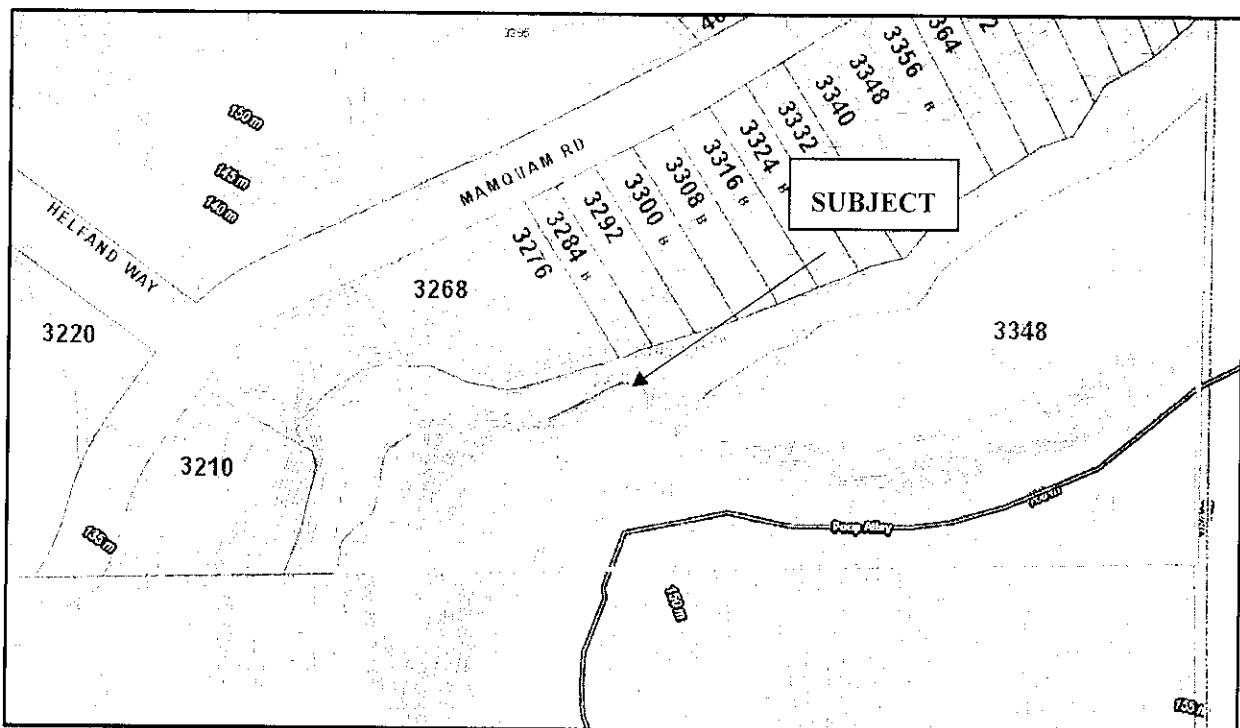
2.2.1 Neighbourhood Map



Source:



2.3 Site Description



Source: [REDACTED]

Site Area:	9.74 acres (424,098 sq. ft.)
Adjacent Properties:	
North:	Newer residential properties
South:	Undeveloped (not within District of Squamish)
East:	Undeveloped (not within District of Squamish)
West:	Newer residential properties
Site Access:	It appears that a roadway and bridge will need to be constructed from Mainquam Road to access the site.
Landscaping:	Not applicable
Topography:	Rolling, steep in areas, plateau areas. Creek through site. Currently forested.
Soil Condition and Drainage:	For the purpose of this report, I assume that there is no issue associated with drainage.
Flood Zone & Peripheral Hazards:	None noted. Creek through site.
Encumbrances and Easements:	None noted



Environmental Hazards:

I am not an expert in environmental matters and make no representation regarding them. A formal environmental study should be conducted for certainty. This appraisal report assumes that there is no environmental contamination on the subject property.

Site Improvements:

Undeveloped

Utilities:

The area is fully serviced area with hydro, municipal water, gas, drainage and sanitary sewer, telephone, concrete walks, curbs, gutters and paved streets.

Parking:

Undeveloped

Conclusion:

The subject site is ripe for development.

2.3.1 Encumbrances

Perusal of current title information CA4974566 for the overall subject property indicates relatively limited charges against title. There is a single statutory right of way and eight covenants registered in favour of the District of Squamish. These appear standard.

For the purpose of the appraisal, the reader is advised that the noted charge documents and legal notations were not investigated in conjunction with this assignment unless otherwise stated. The title certification is attached in the addenda as Schedule B. For greater certainty, a legal opinion should be solicited for a full explanation of the effect of these encumbrances.

A copy of the title is included in the appendix of this report.



2.4 Assessment and Taxes

Assessment value was obtained from BCAA and is at a different date than the subject effective date. It is presented for informative purposes only.

Base Date of Assessment July 1, 2018	Land Value (\$)	Building Value (\$)	Total Value (\$)
	\$ 5,853,000	\$ n/a	\$ 5,853,000

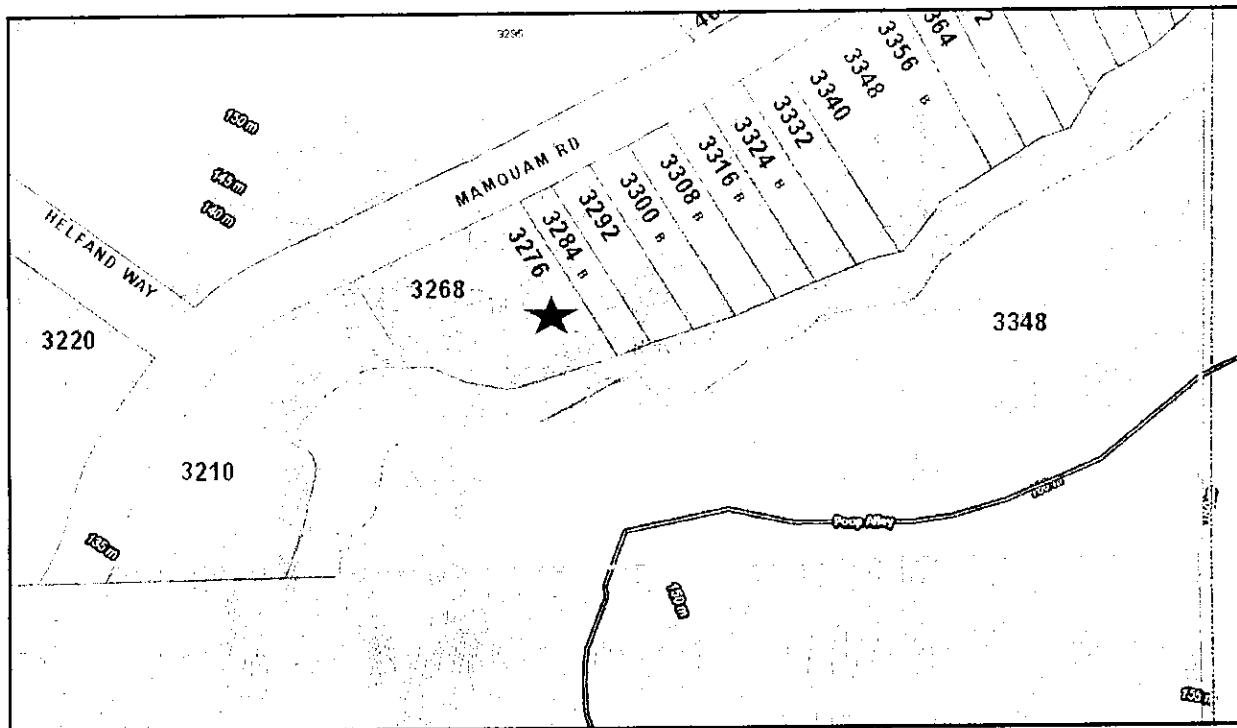
2.5 Sales History

CUSPAP of the AIC requires the analysis of sale transfer history of the Subject (minimum of three years) as well as the analysis of agreements for sale, options, listings or market of the subject (minimum of one year).

Our records do not show any transactions associated with the subject property. Reportedly the subject property was gifted to Eden Glen Foundation in February 2016 at an appraised value of \$5,750,000.



2.6 Zoning and Land Use Controls



Source [REDACTED]

The Subject is located in an area that is uniquely zoned UH-1 (University Housing-1). The intent of this zone is to accommodate a mix of residential housing types and associated neighbourhood uses on the non-Campus Lands in accordance with the portion of the Official Community Plan entitled "University Sub Area Plan".

The subject is specifically located in an area designated as Area 1 under the existing zoning. Uniquely the UH-1 zoning is broken down into Area 1 and Area 2. The maximum number of units allowed within the Area 1 is 960 units, while Area 2 allows a maximum of 560 units.

The subject is specifically located in an area designated as Area 1 under the existing zoning. Given the environmental limitation of the site (shown in green), the limit of direct roadway access, site configuration and the need for an access bridge, it would appear that the subject site would best lend itself to multi family condominium development with as many as 341 units. According to the area plan and the zoning by-law, this can be accomplished with multiple buildings including hi-rise development.

Based on the above, and the scope of this appraisal, it would appear that development of the Subject as multi family site conforms to zoning bylaw, particularly since the zoning by-law is specific to the subject development and area.

A copy of the applicable zoning bylaws are included in Appendix of this report.



3. ANALYSIS AND CONCLUSIONS

3.1 BC Multi Family Investment Report – Spring 2018 (via Avison Young)

Multi-family investment activity surpassed the billion-dollar mark for only the second time in BC history after registering more than \$1.24B in 88 sale transactions in 2017. While the number of transactions in 2017, 88, marked a new record, dollar volume fell short of the record set in 2015 when 80 properties valued at \$1.41B traded hands. (Avison Young only tracks multi-family investments trading at more than \$5M.) Investment activity remained stable in 2017 with sales evenly distributed throughout the year. First-half sales featured 46 transactions valued at \$652M, while sales in the back half of the year resulted in 42 deals worth \$587M. This represented a significant increase in activity from the second half of 2016, when just 30 deals valued at \$262M were recorded. The three largest sales in the second half of 2017 involved private vendors and private purchasers. All three properties were located in the suburbs. Those deals included the \$90.8M forward-sale acquisition of Novare (a brand new 26-storey luxury rental apartment tower) and the \$50M sale of Royal Towers, both located in New Westminster. The \$31.75M sale of The Evergreens at 210A Evergreen Drive in Port Moody rounded out the top three. The largest market deals in Vancouver included the sale of the wholly renovated OceanCrest Apartments at 1333 Jervis Street for \$26M; the sale of Fraserviews (another brand new rental apartment building) at 727 East 17th Avenue for \$23.5M; and the disposition of the Leeward, an 11-storey concrete high-rise at 1686 West 12th Avenue for \$22.8M.

Purchasers have become more sensitive to pricing expectations and are underwriting multi-family assets more carefully in a rising interest rate environment in an effort to give themselves a bit of a cushion in terms of financing. The ultra-low-yield deals that were recorded during the past 24 months are becoming far less frequent as the cost of debt has risen and bond yields increased steadily throughout 2017.

“After a sharp spike in the latter half of 2017, most Government of Canada bond yields have increased by a further 20 to 25 basis points in the early months of 2018,” said James Paleologos, a director with Realtech Capital Group. “The Bank of Canada has kept their overnight interest rate constant through two announcements in 2018; however, the general sentiment with forecasters is that rates will continue to rise in 2018.”

He adds: “The increase in rates coupled with the recently implemented policy changes by the provincial government have started to cool the condo market. To avoid the potential risks associated with a cooling condo market, many projects are reverting to a rental pro forma. Fortunately, there are some favourable lending programs available for purpose built rental construction. Most notably, CMHC’s new program, which offers up to 85% construction financing at prime construction rates for market rentals or 95% leverage if there is a minor affordable housing component. These programs also come with a pre-determined CMHC takeout loan upon completion of construction. Estate planning and the perception that peak pricing has been achieved was on the minds of many vendors, which when combined with often deferred maintenance costs and rapidly rising land values, resulted in the decision to sell. For others, particularly those owners who used leverage to acquire multi-family assets at a highly compressed cap rate, rising interest rates have also been a consideration. While cap rates for multi-family assets have remained highly compressed, pricing has moderated slightly as speculative buys have become less frequent due to rising interest rates (actual and forecast) that have made potential purchasers more cautious in their underwriting. Most buyers are building a rising-interest-rate environment into their pro formas to provide themselves with a bit of a cushion should borrowing costs rise even quicker than anticipated, particularly in cases where an asset repositioning and exit strategy take longer than anticipated to execute. For those purchasers who have an established tenant relocation program, higher cap rates on repositioned assets are obtainable after market rents are successfully achieved in the building. However, implementing these types of relocation strategies now typically carries more risk than in the recent



past as a number of factors, including but not limited to a changing political climate at the provincial level, heightened public awareness and sensitivity as well as activist tenant groups, have come to the forefront and increasingly frustrated the execution of such approaches. With a significant turnover of incumbent mayors and city councillors expected in the upcoming municipal elections this fall, it is anticipated that the trend towards the expansion of residential tenant rights will continue to strengthen. Municipal programs to stimulate development of purpose-built rental apartment buildings has remained largely ineffectual in meeting demand and alleviating the chronic low residential vacancy recorded province wide as extended municipal permitting processes and delays continue to hinder the delivery of new projects to the market. Efforts to provide additional development sites for multi-family development through changes to strata wind-up rules by the previous provincial government have yet to generate a substantial impact on the market. Rapidly increasing assessment values have pushed pricing expectations of strata owners far beyond what most developers are willing (or able) to pay to acquire the property. Rising construction costs in terms of both materials and labour, which is also facing supply constraints, are also hindering multi-family development activity at time of rising demand. According to the CMHC's Housing Market Outlook: British Columbia Region Highlights, published in fall 2017, strong employment gains, high migration and an under supplied resale market are fuelling demand for rental housing in the province's largest centres. Tight rental markets have prompted an increase in rental construction but the increase in supply will have only a modest impact on the vacancy. "Vacancy rates are expected to rise gradually through 2019, but remain indicative of a tight rental market in most centres," reports CMHC. "This will continue to push up average rents in these markets. As well, new units entering into the market will also push the average rent up, as new units typically command higher rents." BC's economy is expected to continue to grow through 2019 but the pace of that growth is expected to slow. According to CMHC, BC's economy has been supported by a low dollar, high consumer spending and a strong housing sector. Over the next two years, housing starts are expected to slow, reducing the sector's contribution to growth. Rental demand will continue to be strong through the forecast period with vacancy rates remaining tight and average rents rising.²

2018 MARKET OUTLOOK



- Sales volume in 2018 will remain comparable with 2017 as demand for multi-family assets remains strong, particularly for those sites with redevelopment potential
- East Vancouver and Mount Pleasant have joined the West Side and the West End as in demand areas in Vancouver, demand in Kelowna is heating up while Victoria has cooled.
- Municipal elections in October 2018 likely to result in a change in political leadership in communities throughout Metro Vancouver and a new approach to development
- Rising interest rates will have a lagging effect on the real estate market and will alter underwriting criteria, which will translate into far fewer ultra low yield deals closing in 2018

² [REDACTED] Market report - Fall 2017



SNAPSHOT OF BC VACANCY RATES

AREA	OCTOBER 2017	OCTOBER 2016	% CHANGE
Vancouver CMA	0.9%	0.7%	0.2%
Abbotsford-Mission CMA	0.2%	0.5%	-0.3%
Kamloops	1.2%	1.1%	0.1%
Victoria CMA	0.7%	0.5%	0.2%
Nanaimo	1.6%	1.5%	0.1%
Kelowna CMA	0.7%	0.6%	0.4%
British Columbia	1.3%	1.3%	0%

SOURCE: CAVX, CMA: census metropolitan area



3.2 Highest and Best Use

Highest and Best Use is defined by the AIC³ as:

The reasonably probable use of real property, that is physically possible, legally permissible, financially feasible, and maximally productive, and that results in the highest value.

Highest and Best Use of the property as if vacant is considered separately from the Highest and Best Use of the property as improved. This is because the Highest and Best Use of the site as if vacant and available for development determines the value of the land, even if the property's existing improvement does not represent the Highest and Best Use of the site.

As if Vacant:

An accepted definition is:

The use among all reasonable alternative uses that yields the highest present land value, after payment of labour, capital and co-ordination. The conclusion assumes that the parcel of land is vacant or can be made vacant by demolishing any improvements.

As previously discussed, the Subject is located in an area that is uniquely zoned UH-1 (University Housing-1). The intent of this zone is to accommodate a mix of residential housing types and associated neighbourhood uses on the non-Campus Lands in accordance with the portion of the Official Community Plan entitled "University Sub Area Plan".

The existing UH-1 zoning has been adopted relatively recently. Changing the land use controls requires approval by municipal council. Given the nature of development in the area and the vision for the overall community plan, a change in zoning is unlikely.

The subject is specifically located in an area designated as Area 1 under the existing zoning. Uniquely the UH-1 zoning is broken down into Area 1 and Area 2. The maximum number of units allowed within Area 1 is 960 units, while Area 2 allows a maximum of 560 Units.

We note that, because there is a maximum number of allowable units, the potential for some lots within the zone to become redundant (undevlopable) exists. If the 960 units is achieved prior to a lot being developed, that lot, in effect, becomes undevlopable. This is very unique and gives a distinct advantage to many more readily developable lots similar to the subject property. Because of this fact, some lots within the subdivision have agreed to register restrictive covenants on title that in effect limit development on their respective sites. The details or reasoning behind these agreements is not known or fully understood. Our comparables #1, #2 (same lot) and #3 are part of such an agreement and restrict their development currently to 198 (Lot 3) and 200 (Lot 2) units each.

³ Canadian Uniform Standards of Professional Appraisal Practice, AIC 2018



Given the environmental limitation of the site, the limit of direct roadway access, site configuration and the need for an access bridge; it would appear that the subject site would best lend itself to multi family condominium development with as many as 341 units. According to the area plan and the zoning by-law, this can be accomplished with multiple buildings including hi-rise development.

As a result, the Highest and Best Use of the site, as if vacant as at April 3, 2018 is concluded to be as a multi family development site in accordance with the existing zoning by-law.



3.3 Valuation Methodologies and Exclusions

Cost Approach

Inherent in this test of value is the Principle of Substitution, which affirms that when a property is replaceable, its value tends to be set by the cost of acquiring an equally desirable substitute property, assuming no costly or unnecessary delay is encountered when making the substitution. The Cost Approach employs the technique of estimating the value of the land and adding it to the estimated depreciated reproduction cost of the improvements.

The subject is an unimproved site and therefore the Cost Approach does not apply. An extraordinary limiting condition has been invoked because of this.

Income Approach

This approach involves an estimate of the net present value of the future benefits accruing to the property. It is based on the underlying principle that there is a relationship between the income that a property is capable of generating and its value at any given moment in time.

In estimating the fair market value of an income-producing property, the three recognized methods are the traditional Gross Income Multiplier (GIM) method, the Direct Capitalization (DC) method and the Discounted Cash Flow (DCF) method. The GIM is more generally used by prospective purchasers as a guide. The DC and DCF are more relevant when the income stream and operating expenses are known or can be estimated to derive a reliable net income.

The subject is an unimproved site and therefore the Income Approach does not apply. An extraordinary limiting condition has been invoked because of this.

Direct Comparison Approach

This approach is based on the Principle of Substitution which maintains that a prudent purchaser will not pay more for a property than it would cost to buy an equally desirable substitute property provided there is no delay in making the acquisition. This approach is the method most often used by prospective purchasers and vendors. It reflects market conditions and provides a reliable estimate of fair market value where sufficient sales data is available.

In the subject instance, the Direct Comparison Approach is the only applicable method of valuation for vacant land. For this reason, we have relied upon only the Direct Comparison Approach in determining the value of the subject property.

In summary, only one of the three approaches to value will be completed in this report.



3.4 Property Value via Direct Comparison Approach

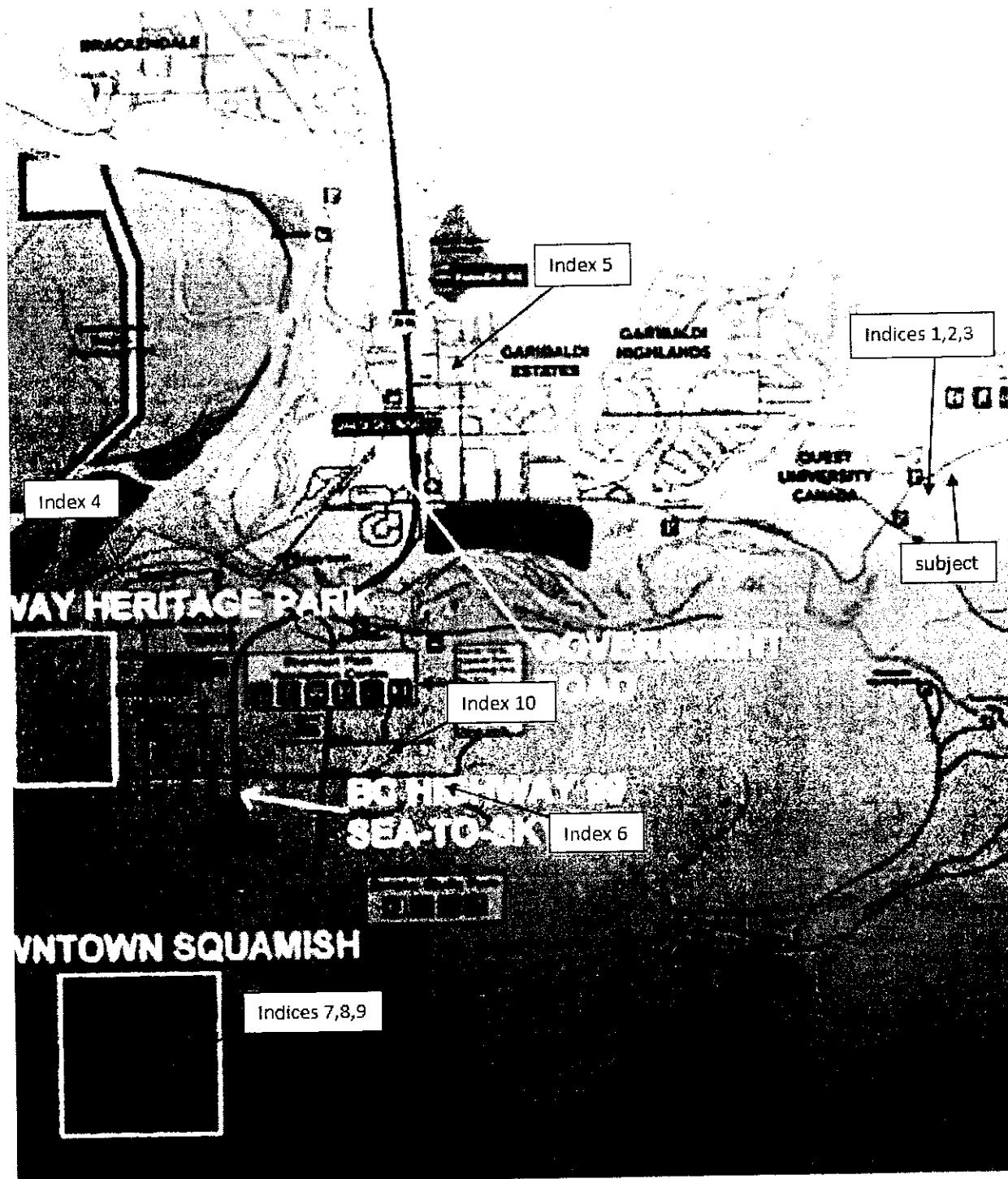
The Direct Comparison Approach follows a logical, rational process that involves analysing comparable data, using the appropriate elements of comparison, and making the necessary adjustments for the differences identified to arrive at an indicated value.

A search for sales has been carried out in the Subject's vicinity. Ten comparable sales were selected to conduct the following analysis. To the best of our knowledge, all comparable sales are arm's length transactions and were offered on the open market. These comparable transactions are considered as the most representative of the Subject's value on the time of the appraisal date.

We note that data for the subject property is extremely limited. This is because there are few large development sites located in Squamish. In fact, to date the subject may be the only site in the area that has hi-rise potential. Data has therefore been chosen from a varying range of development sites including much smaller sites and very dated sites. Each site needs to be analyzed in terms of its applicability to the subject. This analysis will follow. The location of these sales indices in relation to the Subject site are illustrated on the map on the following page.



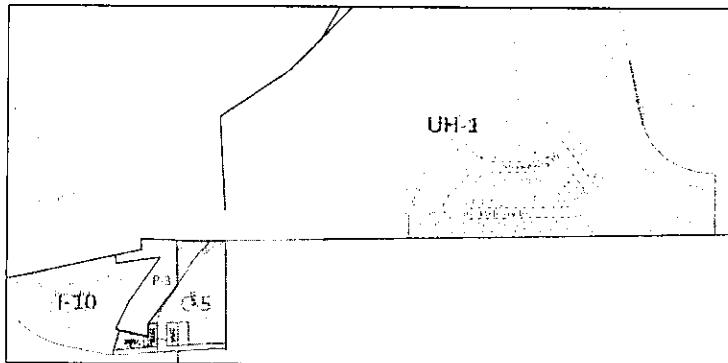
3.4.1 Map of Comparable Sales



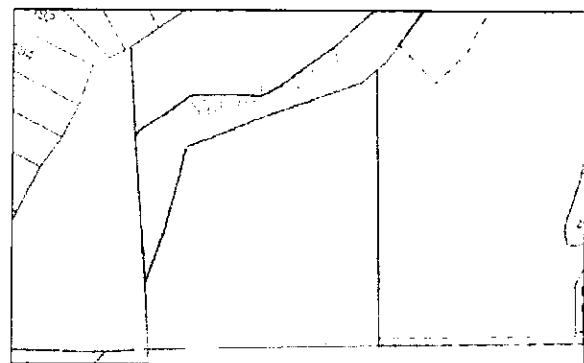


3.4.2 Description of Comparable Sales

Index No. 1



Source: [REDACTED]



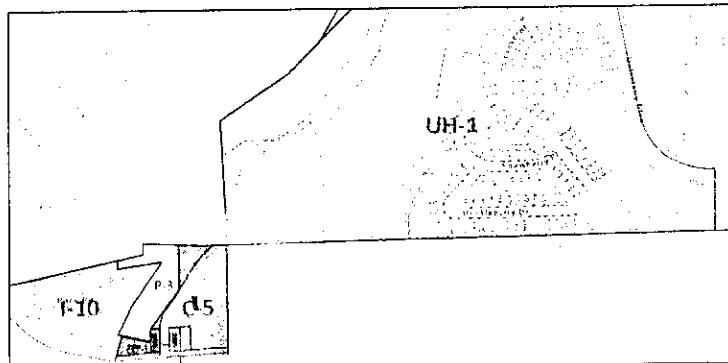
Source: [REDACTED]

Address: Lot 3, [REDACTED] NWD; Squamish, BC
Legal Description: Lot 3, [REDACTED] NWD
PID Number: [REDACTED]
Date of Transaction: 12-Sept-2018
Consideration: \$3,000,000
Lot Size: 5.78 Acres (251,777 sq. ft.)
Price per Square Foot: \$11.92
Potential Units: 198
Price per Unit: \$15,152
Zoning/OCP: UH-1/Multi Family
Accessibility: Limited
Topography/Environmental: Steep Ravine Wetlands/Restrictive

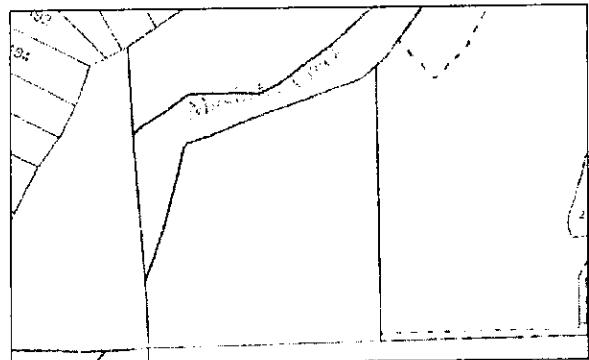
Remarks: This is a recent sale of a "raw land" site within the University Lands development. It has the same zoning as the subject and potential for as many as 198 units. However, development potential is considerably inferior to the subject property due to both environmental and access concerns. While development potential exists, this site is located within a wetland and ravine area (green). While the subject property has similar concerns, it is not nearly as extensive as this site. Furthermore, while the subject property has direct street accessibility, this site is currently land locked and requires a road extension through neighbouring sites either to the east or west. Extension of these roads may be difficult due to topography and environmental concerns, as well as the number of sites that need to be involved in roadway development. As such, development may be significantly delayed. This site has a restrictive covenant allowing for a maximum of 198 units. Given that the development is restrictive, the site may be compromised for its maximum potential of 198 units as other sites develop in this area. Ergo, this site is considered much inferior to the subject, which can be developed without significant delay.



Index No. 2



Source: [REDACTED]



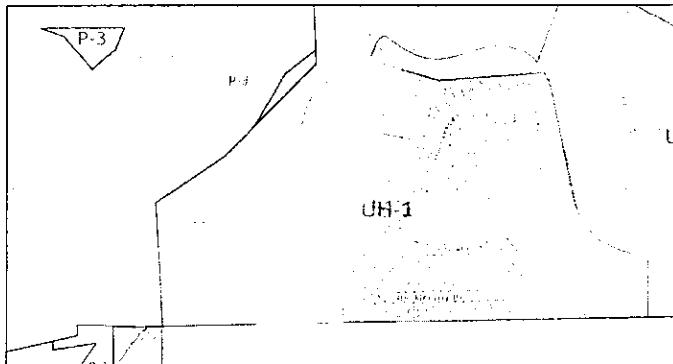
Source: [REDACTED]

Address:	Lot 3, [REDACTED] NWD; Squamish, BC
Legal Description:	Lot 3, [REDACTED] NWD
PID Number:	[REDACTED]
Date of Transaction:	1-Sept-2009
Consideration:	\$1,399,000
Lot Size:	5.78 Acres (251,777 sq. ft.)
Price per Square Foot:	\$5.56
Potential Units:	198
Price per Unit:	\$7,066
Zoning/OCP:	UH-1/Multi Family
Accessibility:	Limited
Topography/Environmental:	Steep Ravine/Wetlands/Restrictive

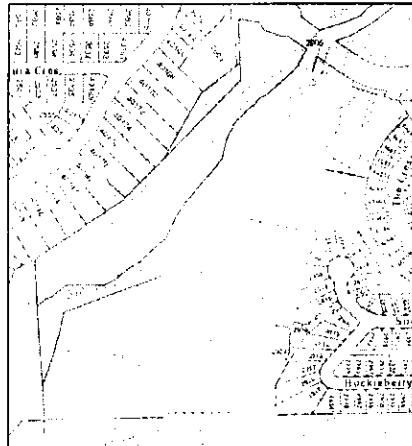
Remarks: This is the same comparable as Index #1. Given the limit of data and the fact that it is part of the University lands, it is still considered a reasonable comparable allowing for time adjustment. This is a 2009 "raw land" site sale within the University lands development. It has the same zoning as the subject and potential for as many as 198 units. However, development potential is considerably inferior to the subject property due to both environmental and access concerns. While development potential exists, this site is located within a wetland and ravine area (green). While the subject property has similar concerns, it is not nearly as extensive as this site. Furthermore, while the subject property has direct street accessibility, this site is currently land locked and requires road extension through neighbouring sites either to the east or west. Extension of these roads may be difficult due to topography and environmental and the number of sites that need to be involved in roadway development. As such, development may be significantly delayed. This site has a restrictive covenant allowing for a maximum of 198 units. Given that the development is restrictive, the site may be compromised for its maximum potential of 198 units as other sites develop. Ergo, this site is considered much inferior to the subject, which can be developed without significant delay.



Index No. 3



Source: [REDACTED]

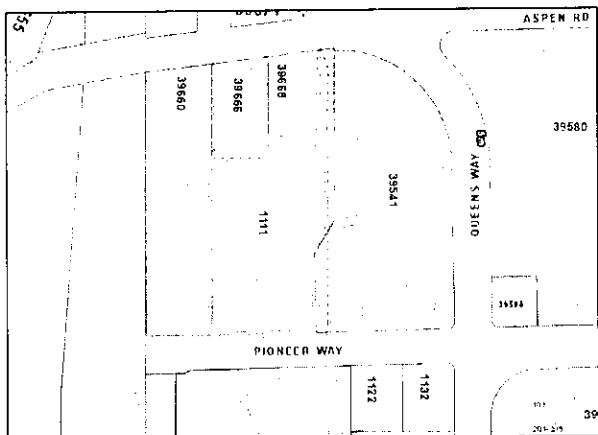


Source: [REDACTED]

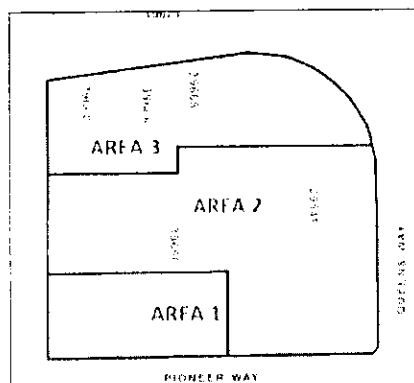
Address:	Lot 2 [REDACTED] NWD: Squamish, BC
Legal Description:	Lot 2 [REDACTED] NWD
PID Number:	[REDACTED]
Date of Transaction:	1-July-2005
Consideration:	\$12,000,000
Lot Size:	35.47 Acres (1,545,073 sq. ft.)
Price per Square Foot:	\$7.77
Potential Units:	960
Price per Unit:	\$12,500
Zoning/OCP:	UH-1/Multi Family
Accessibility:	Limited
Topography/Environmental:	Steep Ravine/Part Environmental/Restrictive

Remarks: This market indicator is adjacent to Indices #1 and #2, albeit a very dated (2005) "raw land" site sale within the University development. This sale is quite unique in that, at the time of sale, it did have potential for the hypothetical maximum allowable of 960 units under the existing zoning. This was assuming it developed ahead of all other developments under the existing zoning (unlikely). Shortly after sale of this site, a restrictive covenant was registered against the title restricting the maximum number of units to only 200 on the entire site. The reason or "behind the scenes" agreements for why this was done is not known. Regardless, this sale indicates that, even in 2005, developers were paying \$12,500 per potential unit and evidently much more for units after the restrictive covenant was registered. Development potential is considerably inferior to the subject property due to both environmental and access concerns. While this site has better potential for access than the adjacent site and is not located in an area that has the extent of greenbelt concerns (green), it is very steep in many areas, as can be shown in the pictures. While the subject property has similar concerns, it is not nearly as extensive as this site. Furthermore, while the subject property has direct street accessibility, this site is currently land locked and requires road extension through neighbouring sites either to the east or west. Extension of these roads may be difficult due to topography and environmental concerns, as well as the number of sites that need to be involved in roadway development. As such, development may be significantly delayed. It is our opinion that this is quite unusual and given the unknowns in regard to the transaction, we give it limited weighting. However, it does suggest a bottom end of value at the very least.

Index No. 4



Source: [REDACTED]



Source: [REDACTED]

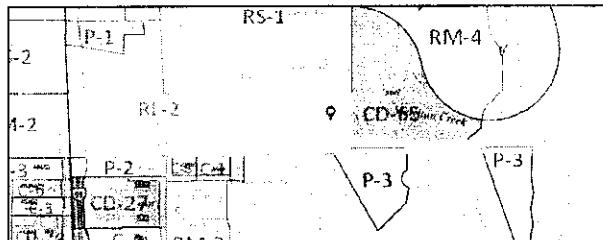
Address:	[REDACTED] Squamish, BC	
Legal Description:	Lot B, [REDACTED]	NWD
PID Number:	030-384-737	
Date of Transaction:	14-May-2018	
Consideration:	\$2,300.000	
Lot Size:	2.13 Acres (92,783 sq. ft.)	
Price per Square Foot:	\$24.79	
Potential Units:	n/a	
Price per Unit:	n/a	
Zoning/OCP:	RL-2/Mixed Use, Commercial, Office, Residential & Environmental	
Accessibility:	Superior/Direct Access	
Topography/Environmental:	Level/No Environmental	

Remarks. This market indicator is the most recent in relation to the effective date of appraisal. This site appears to be imminently developable, although will require infrastructure upgrades so is partially "raw land". However, it would appear that the potential development may not have as high a density as the subject and will be a combination of live work residential and ground level commercial. While this may be a positive in favour of the subject property, the ease of development and smaller size of the site will suggest a rate per square foot for the subject at well less than the \$24.79 indicated.

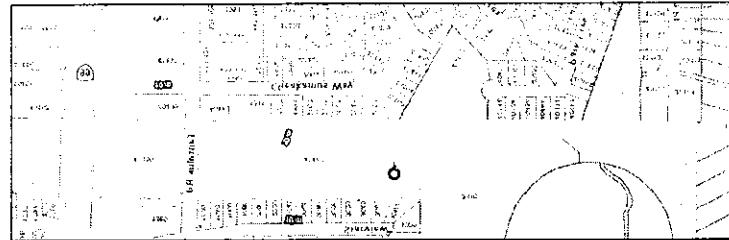
Rate per unit is not available and will vary depending on an approved plan and potential consolidation with neighbouring sites.



Index No. 5



Source: [REDACTED]



Source: [REDACTED]

Address:

Squamish, BC

Legal Description:

Lot 14, [REDACTED] NWD

PID Number:

Date of Transaction:

28-June-2018

Consideration:

\$9,600.000

Lot Size:

15.00 Acres (653,400 sq. ft.)

Price per Square Foot:

\$14.69

Potential Units:

n/a

Price per Unit:

n/a

Zoning/OCP:

RL-2/Mixed Use, Commercial, Office, Residential & Environmental

Accessibility:

Superior/Direct Access

Topography/Environmental:

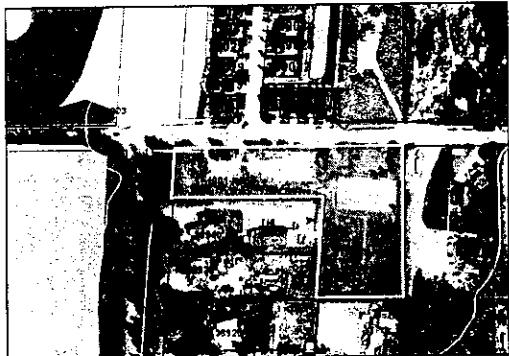
Level/Partial Environmental

Remarks: This market indicator is also recent in relation to the effective date of appraisal. This is a highly unique "raw land" site that fronts the highway and is split by a developed roadway fingering back into an environmental area at the rear (see picture). This latter environmental portion will likely remain as parkland, although the front portions are designated for highway commercial and mixed use back towards the middle of the site. This site appears to be more imminently developable albeit perhaps waiting on ripe time as there has already been considerable highway commercial development in recent years. Similarly to comparable #4, it would appear that the potential development may be not have as high a density as the subject and will be a combination of live work residential, ground level commercial and possible light industry. While this may be a positive in favour of the subject property, the ease of development will likely offset these factors. What is quite interesting is that this is a similar large acreage development site. The larger site size will suggest a higher rate per square foot for the subject, while ease of development may offset this factor somewhat. A rate similar to greater than the indicated \$14.69 per square foot is supported. Ergo a rate of between \$15.00 and \$18.00 per square foot may be reasonable for the subject site.

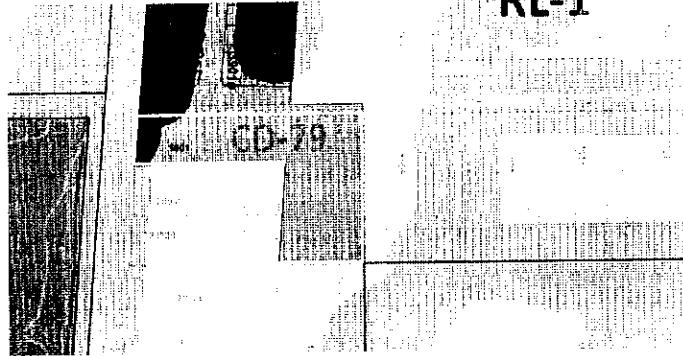
Rate per unit is not available and will vary depending on an approved plan and potential consolidation with neighbouring sites.



Index No. 6



Source: [REDACTED]



Source: [REDACTED]

Address:

Squamish, BC

Legal Description:

Lot 14, S [REDACTED] NWD

PID Number:

[REDACTED]

Date of Transaction:

16-Nov-2017

Consideration:

\$2,375,000

Lot Size:

3.14 Acres (136,778 sq. ft.)

Price per Square Foot:

\$17.36

Potential Units:

n/a

Price per Unit:

n/a

Zoning/OCP:**CD-79/Development Potential**

Accessibility:

Superior/Direct Access

Topography/Environmental:

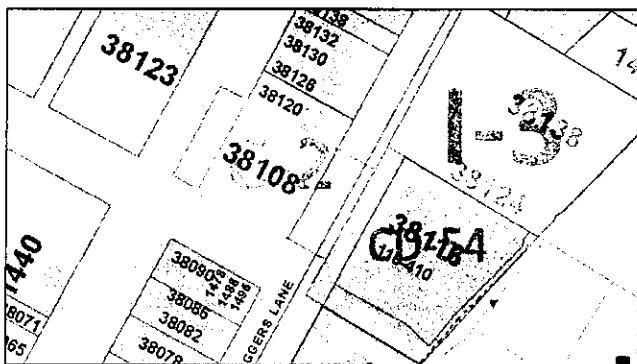
Level

Remarks: This market indicator is also recent in relation to the effective date of appraisal. It is a level "raw land" site with road access. This is currently zoned for CD-79 (Comprehensive Development) under the agricultural zoning by-law, however, this is in a designated development area and, while not imminent, it is an indicator of a holding property with future development potential. The ease of development and smaller size of the site will suggest a rate per square foot for the subject less than the \$17.36 indicated. At the same time, this will be offset by the fact that it is completely unclear what will be developed in the area and at what density. By comparison, the subject site is relatively concrete as to what can be developed there..

Rate per unit is not available and will vary depending on an approved plan and potential consolidation with neighbouring sites.



Index No. 7



Source: [REDACTED]



Source: [REDACTED]

Address:

Squamish, BC

Legal Description:

Lot 3, [REDACTED]

NWD

PID Number:

[REDACTED]

Date of Transaction:

28-April-2018

Consideration:

\$2,950,000

Lot Size:

0.33 Acres (14,375 sq. ft.)

Price per Square Foot:

\$205.22

Potential Units:

30

Price per Unit:

\$98,333

Zoning/OCP:

C2/C4 Mixed Commercial & Residential

Accessibility:

Superior/Direct Access

Topography/Environmental:

Level/Imminent Potential

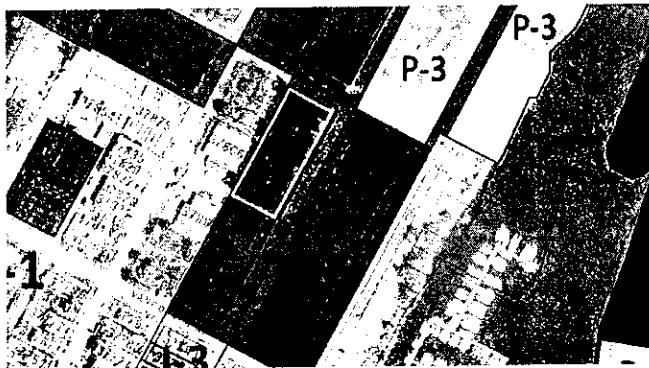
Remarks: This is a recent sale in the downtown Squamish development area. It is zoned C2 with potential to go to C4. It is much smaller than the subject site, comprising approximately 1/3 of an acre and is not a raw site (infrastructure is largely in place). Undoubtedly, due to size and ease of development, the price per unit or square foot will be much higher due to the Principle of Increasing and Decreasing Returns. However, what is interesting is the price per unit. It is estimated that the site could be developed with as many as 30 units including ground level commercial space. This suggests that developers are willing to pay as much as \$98,333 per potential unit. Granted this site is imminently developable and has minimal restrictions for development with infrastructure readily in place. In general, there is much less risk to developing this site; however, we can easily suggest that value for the subject site with potential for 341 units should be well in excess of the \$2,950,000 paid by this developer, even though the subject site requires infrastructure development.



Index No. 8



Source [REDACTED]



Source [REDACTED]

Address:

Squamish, BC

Legal Description:

Lot E, [REDACTED], NWD

PID Number:

Date of Transaction:

29-Jan-2016

Consideration:

\$3,100,000

Lot Size:

0.82 Acres (35,719 sq. ft.)

Price per Square Foot:

\$86.79

Potential Units:

90

Price per Unit:

\$34,444

Zoning/OCP:**C4/OCP C4 Mixed Commercial & Residential**

Accessibility:

Superior/Direct Access

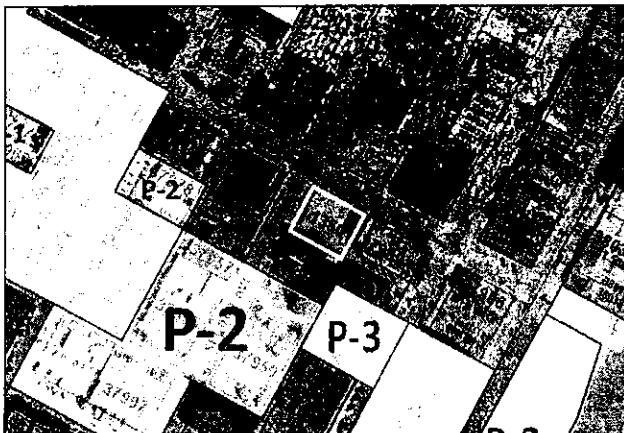
Topography/Environmental:

Level/Imminent Potential

Remarks: This is a 2016 sale in the downtown Squamish development area. It is zoned C4. It is much smaller than the subject site, comprising approximately 0.82 acres and is not a raw site (infrastructure is largely in place). Undoubtedly, due to size and ease of development, the price per unit or square foot will be much higher due to the Principle of Increasing and Decreasing Returns. Again what is notable is the price that the developer is paying per potential unit. It is estimated that the site could be developed with as many as 90 units including ground level commercial space. This suggests that developers are willing to pay as much as \$34,444 per potential unit at time of sale. Granted this site is imminently developable and has minimal restrictions for development with infrastructure readily in place. In general, there is much less risk to developing the site; however, we can easily suggest that value for the subject site with potential for 341 units should be well in excess of the \$3,100,000 paid by this developer, even though the subject site requires infrastructure development.



Index No. 9



Source: [REDACTED]



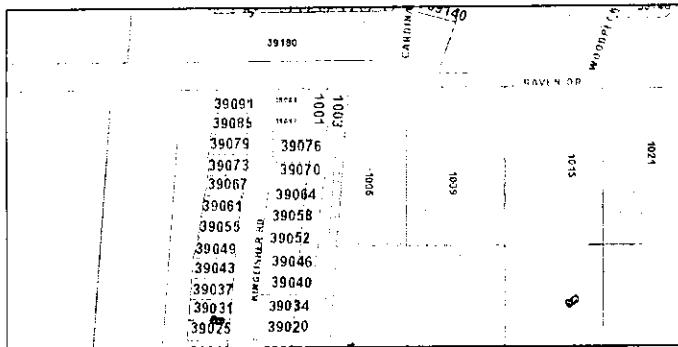
Source: [REDACTED]

Address:	Squamish, BC	
Legal Description:	Lot A. [REDACTED] NWD	
PID Number:	[REDACTED]	
Date of Transaction:	20-Mar-2018	
Consideration:	\$2,390,000	
Lot Size:	0.28 Acres (12,197 sq. ft.)	
Price per Square Foot:	\$195.95	
Potential Units:	30	
Price per Unit:	\$79,667	
Zoning/OCP:	C2/C4 Mixed Commercial & Residential	
Accessibility:	Superior/Direct Access	
Topography/Environmental:	Level/Imminent Potential	

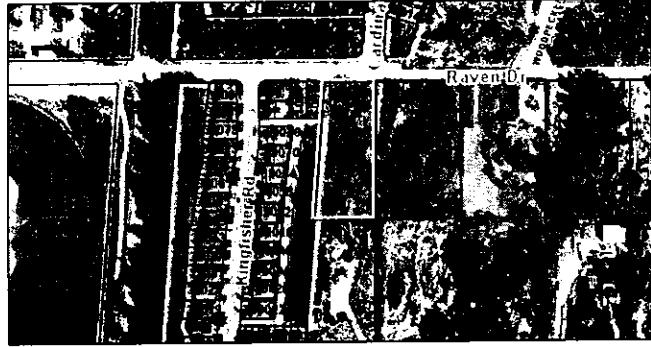
Remarks: This is a 2018 sale in the downtown Squamish development area. It is zoned C4. It is much smaller than the subject site, comprising approximately 0.28 acres and is not a raw site (infrastructure is largely in place). Undoubtedly, due to size and ease of development, the price per unit or square foot will be much higher due to the Principle of Increasing and Decreasing Returns. Again what is notable is the price that the developer is paying per potential unit. It is estimated that the site could be developed with as many as 30 units including ground level commercial space. This suggests that developers are willing to pay as much as \$79,667 per potential unit at time of sale. Granted this site is imminently developable and has minimal restrictions for development with infrastructure readily in place. In general, there is much less risk to developing the site; however, we can easily suggest that value for the subject site with potential for 341 units should be well in excess of the \$2,390,000 paid by this developer, even though the subject site requires infrastructure development.



Index No. 10



Source [REDACTED]



Source [REDACTED]

Address:

Squamish, BC

Legal Description:

Lot 40,

NWD

PID Number:

Date of Transaction:

14-Nov-2019 - **LISTING ONLY**

Consideration:

\$3,499,000**

Lot Size:

3.27 Acres (142,441 sq. ft.)

Price per Square Foot:

\$24.56

Potential Units:

n/a

Price per Unit:

n/a

Zoning/OCP:**RL-I/Mixed Residential**

Accessibility:

Superior/Direct Access

Topography/Environmental:

Level/No Environmental

Remarks: This market indicator is a current listing of a "raw land" site. While not a sale, it does provide evidence of what current development sites are asking. While there may be potential to rezone to greater density, the current zoning may allow for only 13 to 14 lots. The subject site would undoubtedly be considerably more valuable.

Rate per unit is not available and will vary depending on an approved plan and potential consolidation with neighbouring sites.



3.4.3 Sales Comparison Chart

LAND SALES COMPARISON CHART													
Comp. No.	Address	Parcel Identifier (PID)	Transfer Date	Transfer Price	Site Area (Acres)	Site Area (sq.ft.)	Existing Zoning/OCP	Potential Units	Price per Square Foot	Price per Potential Unit	Time Adjustment	Time Adjusted Price per Square Foot	Time Adjusted Price per Buildable Unit
Subject Property					9.74	424,274 sq.ft.	UH-1/ OCP Multi Family	341-45					
1			12-Sep-18	\$3,000,000	8.78	251,777 sq.ft.	UH-1/ OCP Multi Family	198	\$11.92	\$15,152	5.60%	\$12.58	\$16,000
2			01-Sep-09	\$1,399,000	8.78	251,777 sq.ft.	UH-1/ OCP Multi Family	198	\$5.56	\$7,866	79.38%	\$9.97	\$12,672
3			01-Jun-05	\$12,000,000	35.47	1,545,073 sq.ft.	UH-1/ OCP Multi Family	960	\$7.77	\$12,500	143.05%	\$18.95	\$30,494
4			14-May-18	\$2,300,000	2.13	97,783 sq.ft.	RL-2/ OCP Mixed Use/Commercial/Office/Residential & Environmental	n/a	\$24.79	n/a	0.00%	\$24.79	n/a
5			28-Jun-18	\$9,600,000	15.00	653,400 sq.ft.	RL-2/ OCP Mixed Use/Commercial/Office/Residential & Environmental	n/a	\$14.69	n/a	4.26%	\$15.32	n/a
6			16-Nov-17	\$2,375,000	3.14	136,778 sq.ft.	Development Potential	n/a	\$17.36	n/a	8.52%	\$18.84	n/a
7			28-Apr-18	\$2,950,000	0.33	13,375 sq.ft.	C2/OCP C4 Mixed Commercial & Residential	30	\$205.22	\$98,333	1.92%	\$209.16	\$100,221 per sq.ft.
8			29-Jan-16	\$3,100,000	0.82	35,719 sq.ft.	C4/OCP C4 Mixed Commercial & Residential	90	\$86.79	\$34,444	42.59%	\$123.75	\$49,114 per sq.ft.
9			20-Mar-18	\$2,390,000	0.28	12,197 sq.ft.	C2/OCP C4 Mixed Commercial & Residential	30	\$195.95	\$79,667	0.00%	\$195.95	\$79,667 per sq.ft.
10		**LISTING ONLY**		\$3,499,000	3.27	142,441 sq.ft.	RL-1/OCP Mixed Residential	n/a	\$24.56	n/a	0.00%	\$24.56	n/a
Average:									\$59.46	\$41,194		\$65.39	\$48,028



3.4.4 Analysis

The preceding chart is a summary of the compiled sales data. As mentioned, available data is considered to be very limited. However, we have been able to gauge a range of data that provides a reasonable indication of value for the subject site.

Given the limit of available data, we have included some dated sales. We have adjusted data for time. Time adjustments have been made and are in direct correlation with apartment market movements and average prices as compared to April 3, 2018.

We note that we are aware of a non arms length transaction for the subject property in the amount of \$2 million in 2018, as reported by the taxpayer. We are also aware that there was an appraisal conducted on the subject property in 2016 concluding \$5.75 million, and that the 2018 BC assessment data also indicates a July 1, 2017 value of \$5,853,000. We are not relying on this information for our valuation purposes, but it is telling that two independent valuations have both valued the site at well above \$5 million dollars, well above the reported sale of \$2 million.

In review of the available data, we firstly must consider the general selling prices of the data. Initially we note that only 1 of 10 sales and listings indicate a price of below \$2,300,000 and that is a 2009 sale (**Index #2**) of a much inferior site within the University development. In fact, in general terms, based on site size and unit development potential, only 2 of the 10 market indicators appear to have potential to be superior to the subject site, and even that is questionable. Those two sales (**Index #3 and Index #5**) sold for \$12,000,000 and \$9,600,000 respectively. Ergo, again the \$2,000,000 reported subject sale price appears significantly low.

Index #3 is a 35 acre site that is part of the same University development and sold for \$12,000,000 in 2005. Undoubtedly the market has increased since this time, even though this comparable is a much larger site. We have adjusted the data accordingly as explained in the comparable comments, have given this sale limited consideration due to its dated nature, and the specifics surrounding the sale and registration of covenants shortly thereafter. However, it does tend to support a bottom end range per unit.

On the other hand, **Index #5** is a very current (to effective appraisal date) sale of a larger development site. While larger by approximately 50% (15 acres versus 9.74 acres), the density may be similar after applications are made. Current density is unclear and this correlates to greater risk. While ease of development and accessibility may be superior, developers would likely still have considered this site alongside of the subject site at the effective date of the appraisal.

Overall, in general terms, based on these two sales and the other data, it appears that it would be grossly erroneous to suggest that the 9.74 subject site, with potential for 341 units would be worth only \$2 million as suggested by the taxpayer. This appears to be a non arms length transaction and does not appear to be indicative of actual market value.

Referring to our Land Comparison Chart, we note that the time adjusted prices per square foot range widely. The price per square foot ranges from \$9.97 to \$209.16 (average \$65.39), while the price per unit ranges from \$12,672 to \$100,221 (average \$48,028). However, there is a direct correlation between the size and potential number of units. Typically larger sites with the potential for a greater number of units will range lower in price per square foot or unit, while smaller sites with the potential for a greater number of units will range higher in price per



square foot or unit. This is typical and correlates with the Principal of Increasing and Decreasing returns. Such is the case for the data shown.

In the subject instance, because there are variances in size, potential number of units and ease of development (raw land versus serviced), we need to analyze each comparable individually in comparison to the subject unit with particular consideration given to larger raw sites with necessity for infrastructure development.

For these reasons, we have disregarded the smaller sites in developed areas (Comparables 7, 8 and 9), although have noted them for overall data purposes. We have reassembled the data to include only the larger raw sites in the area.

The following re-analysis provides their respective results:



3.4.5 Revised Sales Comparison Chart – Larger Sites

REVISED RAW LAND SALES COMPARISON CHART													
Comp. No.	Address	Parcel Identifier (PID)	Transfer Date	Transfer Price	Site Area (Acres)	Site Area (sq.ft.)	Existing Zoning/OCP	Potential Units	Price Per Square Foot	Price per Potential Unit	Time Adjustment	Time Adjusted Price Per Square Foot	Time Adjusted Price Per Buildable Unit
Subject Property													
1			12-Sep-18	\$3,000,000	5.78	251,777 sq ft	UH-1/ OCP Multi Family	341-45					
2			01-Sep-09	\$1,399,000	5.78	251,777 sq ft	UH-1/ OCP Multi Family	198	\$11.92	\$15,152	5.60%	\$12.58	\$16,000
3			01-Jul-05	\$12,000,000	35.47	1,545,073 sq ft	UH-1/ OCP Multi Family	960	\$7.77	\$12,500	143.95%	\$18.95	\$30,494
4			14-May-18	\$2,300,000	2.13	92,783 sq ft	RL-2/ OCP Mixed Use/Commercial/Office/Residential & Environmental	n/a	\$24.79	n/a	0.00%	\$24.79	n/a
5			28-Jun-18	\$9,600,000	15.00	653,400 sq ft	RL-2/ OCP Mixed Use/Commercial/Office/Residential & Environmental	n/a	\$14.69	n/a	4.26%	\$15.32	n/a
6			16-Nov-17	\$2,375,000	3.11	136,778 sq ft	Development Potential	n/a	\$17.36	n/a	8.52%	\$18.84	n/a
10		**LISTING ONLY**		\$3,499,000	3.27	142,441 sq ft	RL-1/OCP Mixed Residential	n/a	\$24.56	n/a	0.00%	\$24.56	n/a
Average:									\$15.24	\$11,572		\$17.86	\$19,722



3.4.6 Re - Analysis

The revised raw land chart suggests a much narrower range of **\$9.97 to \$24.79** per time adjusted square foot and an average of **\$17.86** per time adjusted square foot. The revised raw land chart suggests a range of **\$12,672 to \$30,494** per time adjusted potential unit and an average of **\$19,722** per time adjusted potential unit.

Indices #1, #2 and #3 are raw sites located within the University development, although two of these sites are quite dated. The most reliable of these sales, **Index #1**, is a considerably inferior and landlocked site with much more limited potential for development. It is our opinion that **\$12.58** per time adjusted square foot and **\$16,000** per time adjusted potential unit would be indicative of the bottom end of the subject value range.

Indices #4, #5 and #6 are recently sold development sites in the Squamish area. **Index #4** is a much smaller acreage site with imminent development potential, albeit there is risk in terms of what can be maximized upon the site. Regardless the time adjusted price per square foot of **\$24.79** would appear to represent the upper end of the range in comparison to the subject due to the much smaller size and ease of development. Actual value for the subject per square foot should be well less. **Index #6** is also a smaller acreage, although development time may be further in the future. This index indicates a time adjusted rate of **\$18.84** per square foot.

Index #5, in many ways, is considered to be the most comparable of the "raw land" sites. As previously mentioned, while ease of development and accessibility may be superior, developers would likely still have considered this site alongside of the subject site at the effective date of the appraisal. This index indicates an adjusted rate of **\$15.32** per square foot.

Index #10 is a recent listing of a "raw land" site that has still not sold. While not a sale, it does provide evidence of what current develop sites are asking. Given the much smaller site size of this index, the greater ease of development, and the likelihood that the actual selling price will be less than the list price, a rate below the suggested **\$24.56** per time adjusted square foot would be appropriate.

3.4.7 Conclusions for Direct Comparison Approach

In the previous pages, we have discussed the various comparables and their application to value. While the value range is wide, there seems to be a correlation of value well above the **\$15.00** per square foot range and well above **\$16.000** per unit.

Time adjustments can be somewhat subjective and looking back in history, while we can see a correlation of upward price movement, it is difficult to assess exactly how much the market was moving at any given point in time. In other words, while we have used a straight line adjustment based on average property values, it is likely that movement may have been more sporadic. For example, movement could be 2% in three straight months and then flat (0%) for the next three straight months. This is why reasonable analysis is necessary. Larger comparables generally support a higher range of value per square foot or per unit for the subject, while smaller properties will tend to support a lower range.

Price per Square Foot

After careful analysis we have correlated a range of value at between **\$15.00** and **\$20.00** per square foot for the subject site. Giving greatest consideration to Index #1 and #5, we feel it is reasonable to conclude a rate of **\$17.00 per square foot** for the raw subject site prior to development. This is supported by market data and average price per square foot for raw land.

**Price per Potential Unit**

After careful analysis, we have correlated a range of value at between \$16,000 and as much as \$30,000 per unit for the subject site. Giving most consideration to Index #1, as a minimum price per unit, and with consideration to much higher prices per unit of non raw sites (Indices #7, #8, and #9), we feel that it is reasonable, and even to the taxpayer's benefit, to suggest a rate of **\$19,000 per unit** for the subject site.

Price per Most Recently Sold Acreage Average

Still another correlation of value is that the most recently available acreage sales, with time adjustments at 8.52% or under (Indices #1, #4, #5, #6 and #10), averaged **\$708,527** per time adjusted acre (\$20,774,000 combined sale price/ 29.32 acres combined). This would equate to a value of **\$6,901,053** for the 9.74 acre subject site.

This is based on an average acreage size of 5.86 acres (29.32 acres combined/5 indices). Based on the Principal of Increasing and Decreasing returns, the smaller average size in comparison to the 9.74 acre subject size would tend to error to the upper end of value, however, it is a reasonable gauge of value.



4. ANALYSIS AND CONCLUSIONS

Therefore, based on the above analysis, the estimated rate for the retrospective fair market value of the Subject as at April 3, 2018, is estimated to be as follows:

Price Per Square Foot
424.274 sq. ft. x \$17.00
\$7,212,658
\$7,212,658
(Rounded)

Price Per Unit
341 units x \$19.000
\$6,479,000
\$6,479,000
(Rounded)

Price Per Most Recently Sold Acreage Average
9.74 acres x \$708.527
\$6,901,053
\$6,901,053
(Rounded)

While price per square foot or acre is a reasonable gauge that does correlate with the buildable square footage, it can be inefficient when considering raw land due to the fact that infrastructure development, environmental concerns, setback requirements and the like will all limit development of any site. Price per recently sold acreage is considered to be a gauge of value only. Most importantly, developers will be more concerned with ease of development and the number of potential units they can build. For this reason, we have relied upon the price per unit in valuing the subject site. Therefore, giving greatest consideration to the price per unit, the value for the subject site is therefore concluded to be:

SIX MILLION FOUR HUNDRED SEVENTY FIVE THOUSAND DOLLARS (\$6,475,000)

*As set out elsewhere in this report, this appraisal is subject to certain Assumptions, Limiting Conditions, Disclaimers and Limitation of Liability, the verification of which is outside the scope of this report. The report is also subject to



Extraordinary Assumptions and Limiting Conditions including any jurisdictional exception; the reader's attention is specifically directed to Sections 1.2, 1.3 & 1.4 and 6 of this report.

4.1 Exposure Time

Exposure time refers to the estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal. It is a retrospective estimate of a length of time based upon an analysis of past events assuming a competitive and open market. It is always presumed to have preceded the effective date. The overall concept of reasonable exposure time encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort.

During the time period surrounding the effective date of appraisal, the development market was strong with view available properties. Marketing periods of less than a few months and sometimes even a few weeks were not uncommon if prices were reasonable. Based on analysis of the relevant data, the exposure time for the subject property interest, during this time period, is estimated to be three (3) to six (6) months.



5 CERTIFICATION

Re: [REDACTED] Squamish, BC [REDACTED]

I certify that, to the best of my knowledge and belief that:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions;
- I have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- My engagement in and compensation is not contingent upon developing or reporting predetermined results, the amount of value estimate, a conclusion favoring the client, or the occurrence of a subsequent event;
- My analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the CUSPAP;
- I have the knowledge and experience to complete this assignment competently;
- No one has provided significant professional assistance to me;
- As of the date of this report, I have fulfilled the requirements of the AIC's Continuing Professional Development Program;
- I am a member in good standing of the AIC;

Based upon the data, analyses and conclusions contained herein, the estimated retrospective fair market value of the Fee Simple interest in the Subject described herein, as at April 3, 2018, is estimated at:

SIX MILLION FOUR HUNDRED SEVENTY FIVE THOUSAND DOLLARS (\$6,475,000)

This report is subject to certain Assumptions, Limiting Conditions, Disclaimers and Limitation Liability, the verification of which is outside the scope of this report. The report is also subject to Extraordinary Assumptions and Limiting Conditions, including any jurisdictional exception; the reader's attention is specifically directed to Sections 1.2, 1.3 & 1.4 and 6 of this report.

Signed on June 10, 2020

AIC APPRAISER SIGNATURE

MINIELLY

Y

ROBERT

Robert Minielly, [REDACTED]
Real Estate Appraiser Advisor
Real Estate Appraisal Section
1227 - VTSO
SOURCE OF DIGITAL SIGNATURE SECURITY
NOTE: For this report to be valid, an original or a copy of the original

Digitally signed by MINIELLY
ROBERT
DN: C=ca, O=gc, OU=ccra-adrc,
OU=PERSONNEL, CN=MINIELLY
ROBERT +
SERIALNUMBER=2018257154905
862
Reason: I am the author of this
document
Location: your signing location here
Date: 2020-07-02 14:33:35
[REDACTED]



6 ASSUMPTIONS, LIMITING CONDITIONS, DISCLAIMERS AND LIMITATION OF LIABILITY

The certification that appears in this report is subject to compliance with Section 241 of the *Income Tax Act* and Section 295 of the *Excise Tax Act*, CUSPAP and the following conditions:

1. This report is prepared only for the client and authorized users specifically identified in this report for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the author. Liability is expressly denied to any person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Reliance on this report without authorization or for an unauthorized use is unreasonable.
2. Because market conditions, including economic, social and political factors change rapidly and, on occasion, without warning, the market value estimate expressed as of the date of this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author.
3. The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. No registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the appraiser. Any information regarding the identity of a property's owner is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not constitute any title confirmation. Any information provided does not negate the need to a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
4. Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the appraiser. Any information provided by the appraiser is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the appraiser does not negate the need to a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
5. No survey of the property has been provided or is available to us. Any sketch in this report that shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
6. This report is completed on the basis that testimony or appearance in court concerning this appraisal is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to, adequate time to review the report and data related thereto.
7. Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such condition that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
8. The author is not qualified to comment on detrimental



environmental, chemical or biological conditions that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air which may include but are not limited to moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. It is an assumption of this report that the property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical legal and biological conditions that may affect the market value of the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the market value of the property.

9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.
10. The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.
11. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author

acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of Section 241 of the ITA and Section 295 of the ETA and of the CUSPAP. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy.

12. The author has agreed to enter into the assignment as requested by the client named in the report for the use specified by the client, which is stated in the report.
13. This report, its content and all attachments/addendums and their content are the property of the Crown. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this report, addendum, all attachments and the data contained within for any commercial, or other, use.
14. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author can be reasonably relied upon.
15. Unless otherwise specified, all values reported in this report are in Canadian currency.



Agence du revenu
du Canada

Canada Revenue
Agency

PROTECTED B (CONTAINS TAXPAYER INFORMATION)

APPENDIX A TITLE SEARCH



TITLE SEARCH PRINT

File Reference:

Declared Value \$5750000

2020-06-05, 16:01:29

Requestor: Robert Minielly

HERETO IS ANNEXED RESTRICTIVE COVENANT CA7061848 DVER LOT 2 AND LOT 3
PLAN [REDACTED]

Charges, Liens and Interests

Nature:

COVENANT

Registration Number:

[REDACTED]

Registration Date and Time:

2006-12-19 10:45

Registered Owner:

DISTRICT OF SQUAMISH

Remarks:

INTER ALIA

Nature:

COVENANT

Registration Number:

[REDACTED]

Registration Date and Time:

2006-12-19 10:48

Registered Owner:

DISTRICT OF SQUAMISH

Remarks:

INTER ALIA

Nature:

COVENANT

Registration Number:

[REDACTED]

Registration Date and Time:

2006-12-19 10:49

Registered Owner:

DISTRICT OF SQUAMISH

Remarks:

Nature:

COVENANT

Registration Number:

[REDACTED]

Registration Date and Time:

2006-12-19 10:49

Registered Owner:

DISTRICT OF SQUAMISH

Remarks:

INTER ALIA

Nature:

COVENANT

Registration Number:

[REDACTED]

Registration Date and Time:

2006-12-19 10:50

Registered Owner:

DISTRICT OF SQUAMISH

Remarks:

INTER ALIA

Nature:

STATUTORY RIGHT OF WAY

Registration Number:

[REDACTED]

Registration Date and Time:

2008-04-07 15:02

Registered Owner:

DISTRICT OF SQUAMISH

Remarks:

INTER ALIA

PART IN [REDACTED]

Nature:

RESTRICTIVE COVENANT

Registration Number:

[REDACTED]

Registration Date and Time:

2018-09-12 15:56

Remarks:

APPURTEMENT TO LOT 2 [REDACTED]

Title Number:

TITLE SEARCH PRINT

Page 2 of 3

**TITLE SEARCH PRINT**

File Reference:

Declared Value \$5750000

2020-06-05, 16:01:29

Requestor: Robert Minielly

Nature:
Registration Number:
Registration Date and Time:
Remarks:

RESTRICTIVE COVENANT

[REDACTED]
2018-09-12 15:56

APPURTEnant TO PARCEL A [REDACTED]

Nature:
Registration Number:
Registration Date and Time:
Remarks:

RESTRICTIVE COVENANT

[REDACTED]
2018-09-12 15:56

APPURTEnant TO LOT 3 [REDACTED]

Duplicate Indefeasible Title

NONE OUTSTANDING

Transfers

NONE

Pending Applications

NONE

Title Number: [REDACTED]

TITLE SEARCH PRINT

Page 3 of 3



Agence du revenu
du Canada

Canada Revenue
Agency

PROTECTED B (CONTAINS TAXPAYER INFORMATION)

APPENDIX B ZONING



SECTION 21 | UNIVERSITY HOUSING – 1 (UH-1)

The intent of this zone is to accommodate a mix of residential housing types and associated neighbourhood uses on the non-Campus Lands in accordance with the portion of the Official Community Plan entitled “University Sub Area Plan”.

21.1 PERMITTED USES

Special Application: For purposes of this zone, the land that is the subject of the provisions of this zone has been divided into 2 Areas as identified on the attached Schedule B-1

Area 1

The following principal uses and no others are permitted:

- (a) single-unit dwelling, subject to 21.11; (*Bylaw 2625, 2018*)
- (b) two-unit dwelling, subject to 21.11; (*Bylaw 2625, 2018*)
- (c) townhouse dwelling;
- (d) apartment dwelling;
- (e) bed and breakfast, within a single-unit dwelling;
- (f) child care facility
- (g) home occupation, residential and multiple unit subject to Section 4.18;
- (h) parks; and
- (i) schools.

The following accessory uses and no others are permitted:

- (j) assembly; and
- (k) accessory uses.

Area 2

The following principal uses and no others are permitted:

- (a) single-unit dwelling, subject to 21.11;
- (b) two-unit dwelling, subject to 21.11;
- (c) townhouse dwelling;
- (d) apartment dwelling;
- (e) uses permitted within the UC-1 zone, other than university campus commercial and liquor primary establishment, and subject to the applicable regulations; (*Bylaw 2620, 2018*)
- (f) bed and breakfast, within a single-unit dwelling;
- (g) home occupation, residential and multiple unit subject to Section 4.18
- (h) parks;



- (i) schools;
- (j) assembly; and
- (k) child care facility.
- (l) university campus commercial and liquor primary establishment, only within the area identified in Figure 21-2, northeast of Village Dr (Helfand Way) (*Bylaw 2620, 2018*)

The following accessory uses and no others are permitted:

- (m)accessory uses.

21.2 MAXIMUM DENSITY

- (a) The total number of principal dwelling units within the UH-1 zone shall not exceed 960;
- (b) The total number of principal dwelling units within Area 1 of this zone shall not exceed 960
- (c) The total number of principal dwelling units within Area 2 of this zone shall not exceed 560;
- (d) The maximum density for Townhouse Dwellings shall be 17 units per 0.40 hectares;
- (e) The maximum density for Apartment Dwellings shall be 35 units per 0.40 hectares.

21.3 MINIMUM LOT AREA

The minimum lot size shall be as follows:

(a) For Single-unit Dwellings:	371.6 sq. m
(b) For Two-unit Dwellings:	557.4 sq. m
(c) For Townhouse Dwellings:	4047 sq. m
(d) For Apartment Dwellings:	4047 sq. m

21.4 MINIMUM LOT DIMENSIONS

No lot shall be created by subdivision that has:

- (a) For Single-unit Dwellings a lot width less than 13.7 metres and a lot depth less than 27.4 metres;
- (b) For Two-unit dwellings a lot width less than 20 metres and a lot depth less than 27.4 metres.

21.5 MINIMUM SETBACKS FOR PRINCIPAL BUILDINGS

(Bylaw 2235, 2012)

- (a) For Single-unit Dwellings and Two-unit Dwellings in Area 1



Front Setback	Rear Setback	Interior Side Setback	Exterior Side Setback
7.62 m	7.62 m	2.13 m	4.57 m

(b) For Single-unit Dwellings and Two-unit Dwellings in Area 1A with rear lane access

Front Setback	Rear Setback	Interior Side Setback	Exterior Side Setback
4.0 m	5.0 m	1.2 m	2.4 m

Notwithstanding 21.5(b) above, the front lot line setback may be reduced to a minimum of 2.5 meters by an unenclosed and uninhabitable area such as a porch or veranda, provided that the said porch or veranda is covered and is an integral part of the building.

(c) For Single-unit Dwellings and Two-unit Dwellings in Area 1A without rear lane access

Front Setback	Rear Setback	Interior Side Setback	Exterior Side Setback
6.0 m	5.0 m	1.8 m	3.0 m

Notwithstanding 21.5(c) above, the front lot line setback may be reduced to a minimum of 4.5 meters by an unenclosed and uninhabitable area such as a porch or veranda, provided that the said porch or veranda is covered and is an integral part of the building.

(d) For Townhouse and Apartment buildings

Front Setback	Rear Setback	Interior Side Setback	Exterior Side Setback
7.62 m	7.62 m	7.62 m	7.62 m

(a) For University Campus Commercial within the University Village Center identified in Figure 21-2 (Bylaw 2620, 2018)

Front Setback	Rear Setback	Interior Side Setback	Exterior Side Setback
0	7.62	0	0

(b) For all other principle buildings in Area 1, 1A or 2 (Bylaw 2620, 2018)

Front Setback	Rear Setback	Interior Side Setback	Exterior Side Setback
7.62	7.62	7.62	7.62



21.6 MAXIMUM HEIGHT

- (a) For Single-unit Dwellings, no principal building shall exceed a height of 9m.
- (b) For Two Unit and Townhouse Dwellings, no principal building shall exceed a height of 10.68m.
- (c) For Apartment Dwellings, no principal building shall exceed a height of 38.1m.

21.7 MAXIMUM LOT COVERAGE

- (a) The lot coverage for single-unit dwelling and two-unit dwellings shall not exceed 52% of the lot area.
- (b) The lot coverage for all remaining uses shall not exceed 40% of the lot area.
- (c) The lot coverage for all uses in Area 1A shall not exceed 52% of the lot. (Bylaw 2235, 2012)

21.8 OFF- STREET PARKING AND LOADING

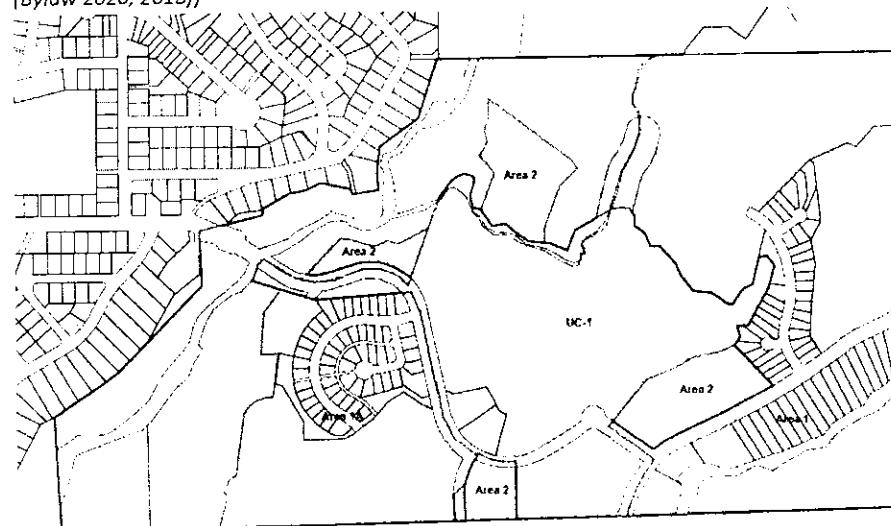
Off-Street Parking and Loading spaces shall be provided in accordance with Section 41 of this Bylaw.

21.9 SPECIAL CONDITIONS

All development within the UH-1 zone shall comply with any applicable Restrictive Covenants that may be registered on a property within this zone.

Schedule C

(Bylaw 2620, 2018)



21.10 UNIVERSITY CAMPUS COMMERCIAL

For the land within the polygon identified in Figure 21-2, northeast of Village Dr (Helfand Way), prior to any other permitted uses occurring there must be a minimum gross floor area of 2090m² developed for university campus commercial. (Bylaw 2620, 2018)



Figure 21-2. University Village Centre



21.11 SINGLE UNIT AND TWO UNIT DWELLINGS (BYLAW 2625, 2018)

Within the UH-1 zone, single-unit and two-unit dwellings are only permitted in the areas identified on Figure 21-1:

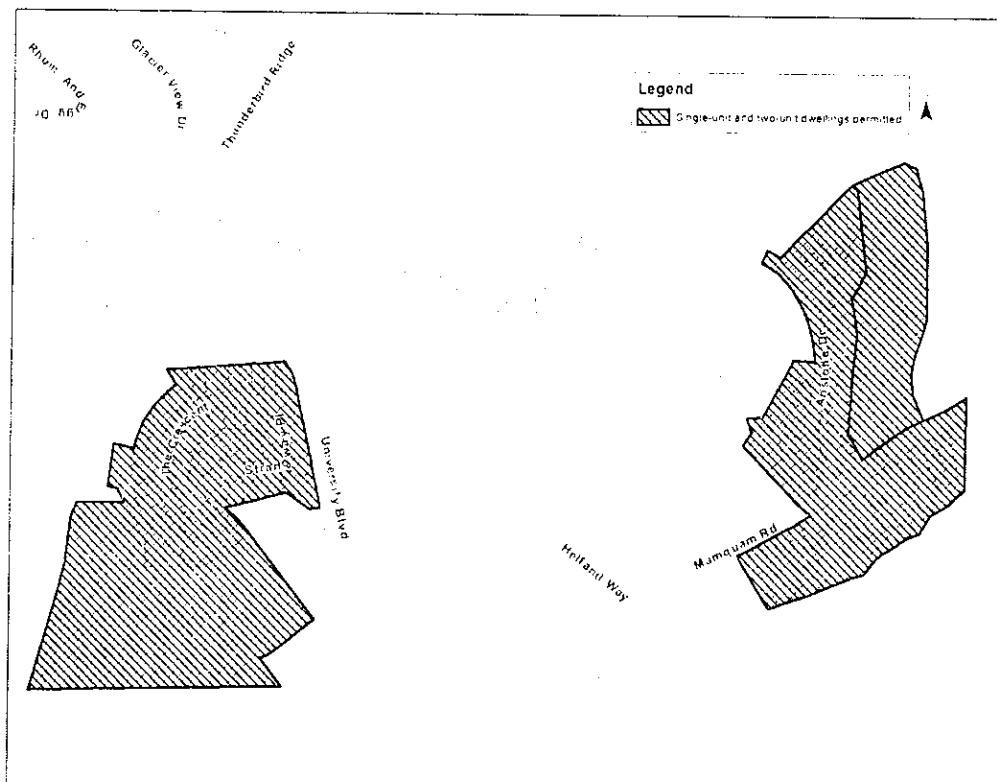


Figure 21-1. Area where single-unit and two-unit dwellings are permitted





January 18, 2022

Sheila Britton
Director
Eden Glen Foundation
1250-1500 Georgia W St
Vancouver, BC V6G 2Z6

BN: 819877184RR0001
File #: 3055000

Dear Sheila Britton:

Subject: Audit of Eden Glen Foundation

This letter results from the audit of the Eden Glen Foundation (the Foundation) conducted by the Canada Revenue Agency (CRA). The audit related to the operations of the Foundation for the period from December 1, 2015 to November 30, 2018¹. Please note the audit period was extended to include the November 30, 2018 fiscal period.

Background

The Foundation was incorporated under the B.C. Society Act on December 17, 2014 and was registered on January 28, 2015 as a private foundation.

The Foundation was registered with the following purposes:

- a) to solicit and receive gifts, bequests, trusts, funds and property and beneficially, or as a trustee or agent, to hold, invest, develop, manage, accumulate and administer funds and property for the purpose of disbursing funds and property exclusively to registered charities as well as "qualified donees" under the provisions of the Income Tax Act, and
- b) to undertake activities ancillary and incidental to the attainment of the aforementioned charitable purposes.

The Foundation's only activity is making gifts to qualified donees.

It is our position that the Foundation's primary purposes, as presently worded, could be viewed as charitable. However 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.

¹ The audit encompassed an enquiry into all aspects of the Foundation's operations. Activities and/or transactions conducted outside of the audit period may have also been considered to assess ongoing and current compliance.

The balance of this letter describes the identified areas of non-compliance regarding the Foundation's activities, and the sanctions proposed as a result.

Current Audit

The CRA has identified specific areas of non-compliance with the provisions of the Income Tax Act (the Act) and its Regulations in the following areas:

AREAS OF NON-COMPLIANCE		
	Issue	Reference
1.	Failed to devote resources to charitable activities carried on by the Foundation itself: I. Gifted to non-qualified donees II. Delivered non-incidental private benefits III. Conferred an undue benefit on a person	149.1(1), 149.1(4)(b.1)(ii), 168(1)(b), 188.1(4), 188.1(5)
2.	Failed to meet the disbursement quota: • Misused gifts received from registered charities that are at non-arm's length	149.1(4)(b); 149.1(4.1)(d), 168(1)(b), 188.1(12)
3	Had an ineligible individual that is a director, trustee, or officer of the charity, or controls or manages the charity	149.1(1), 149.1(4.1)(e), 188.2(2)(d)

As a registered charity, the Foundation must comply with the law. If it fails to comply with the law, it may either be subject to sanctions under sections 188.1² and/or 188.2³ of the Act, and/or have its registered charity status revoked in the manner described in section 168 of the Act.

This letter describes the areas of non-compliance identified by the CRA relating to the legislative and common law requirements that apply to registered charities, and offers the Foundation an opportunity to provide representations to our findings.

The balance of this letter describes the identified areas of non-compliance, and the potential consequences of the 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 and operated exclusively for charitable purposes (or objects) and that it devotes its resources to charitable activities carried on by

² Financial sanctions are assessed under Section 188.1 of the Act.

³ Suspensions of a registered charity's authority to issue official donation receipts, and qualified donee status, are assessed under section 188.2 of the Act.

the organization itself in furtherance thereof.⁴ To be exclusively charitable, a purpose must fall within one or more of the following four categories (also known as “heads”) of charity⁵ and deliver a public benefit:

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

An organization’s purposes must fall within one or more of these categories to be considered for registration as a charity. The formal purposes as set out in an organization’s governing document must be clear and precise so as to reflect exclusively charitable purposes.

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 may be measurable or intangible. Benefits that are not tangible or objectively measurable should be shown to be valuable or approved by the common understanding of enlightened opinion for the time being.⁶ In most cases, the benefit should be a necessary and reasonably direct result of how the purpose will be achieved.⁷

⁴ 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” and *Vancouver Society of Immigrant and Visible Minority Women v MNR*, [1999] 1 SCR 10, 1999 CanLII 704 (SCC) at paras 156-159. A registered charity may also devote resources to activities that, while not charitable in and of themselves, are necessary to accomplish their charitable purposes (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.

⁵ The Act does not define charity or what is charitable. The exception is subsection 149.1(1) which defines charitable purposes 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 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] AC 531 (PC). 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] SCR 133, and confirmed in *Vancouver Society of Immigrant and Visible Minority Women v MNR*, [1999] 1 SCR 10, 1999 CanLII 704 (SCC).

⁶ For more information about public benefit, see CRA Policy statement CPS-024, Guidelines for registering a charity: Meeting the public benefit test. See also generally *British Columbia (Assessor of Area #09 - Vancouver) v Arts Umbrella*, 2008 BCCA 103; and *Vancouver Society of Immigrant and Visible Minority Women v MNR*, [1999] 1 SCR 10, 1999 CanLII 704 (SCC).

⁷ For more information about public benefit, see CRA Policy statement CPS-024, Guidelines for registering a charity: Meeting the public benefit test, and CRA Guidance CG-019, How to draft purposes for charitable registration. See also; *Commissioners for Special Purposes of the Income Tax v Pemsel*, [1891] AC 531 (PC) at 583.

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.⁸

- The second part of the test requires the benefit be directed to the **public** or a sufficient section of the public. This means a registered 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.⁹

The CRA must be satisfied that an organization's activities directly further 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 current audit encompassed an enquiry into all aspects of the Organization's operations. The fact that some of the areas of non-compliance identified in this letter may, or may not, have been evaluated in preceding audits does not preclude the need for compliance with existing legal requirements. Furthermore, the CRA may take a position that differs from that reached previously based on reconsideration of the pertinent facts and law.¹⁰

Identified areas of non-compliance

1. Failed to devote resources to charitable activities carried on by the Foundation itself

It is a requirement that a registered charity devote all of its resources to its own charitable activities. In this regard, the Act allows a registered charity to use its resources (funds, personnel, and property) inside or outside Canada in only two ways:

- for its own charitable activities – undertaken by the charity itself under its continued supervision, direction and control;¹¹ and
- for gifting to qualified donees as defined in the Act.

⁸ Co-operative College of Canada v. Saskatchewan (Human Rights Commission), 1975 CanLII 808 (SKCA) at para 19; Vancouver Society of Immigrant and Visible Minority Women v MNR, [1999] 1 SCR 10, 1999 CanLII 704 (SCC) at para 202; for more information about charitable purposes see CRA Guidance CG-019, How to draft purposes for charitable registration at para 19.

⁹ For more information about public benefit, see CRA Policy statement CPS-024, Guidelines for registering a charity: Meeting the public benefit test.

¹⁰ Canadian Magen David Adom for Israel v MNR, 2002 FCA 323 at para 69.

¹¹ Canadian Committee for the Tel Aviv Foundation v. Canada, 2002 FCA 72 (CanLII) at para 31.

Our audit found that the Foundation failed to demonstrate that it devoted its resources to its own charitable activities in the following three ways. It:

- I. Gifted to non-qualified donees;
- II. Delivered non- incidental private benefits; and
- III. Conferred undue benefits on a person.

Legislation and jurisprudence

I. Gifted to non-qualified donees

As indicated above, a registered charity is permitted to use its resources for making gifts to qualified donees. A **qualified donee** means a donee defined in subsection 149.1(1) of the Act, as follows:

- a registered charity (including a registered national arts service organization);
- a registered Canadian amateur athletic association;
- a registered housing corporation resident in Canada constituted exclusively to provide low-cost housing for the aged;
- a registered Canadian municipality;
- a registered municipal or public body performing a function of government in Canada;
- a registered university outside Canada, the student body of which ordinarily includes students from Canada;
- a registered foreign charity to which Her Majesty in right of Canada has made a gift;
- Her Majesty in right of Canada or a province, or a territory; and
- the United Nations and its agencies.

II. Delivered non- incidental private benefits

In order to satisfy the definition of a **charitable organization** pursuant to subsection 149.1(1) of the Act, charitable organization is, amongst other criteria, defined as, "an organization [...] no part of the income of which is payable to, or otherwise available for, the personal benefit of any proprietor, member, shareholder, trustee or settler therof."

A registered charity must be established and operated for the purpose of delivering a charitable benefit to the public or a sufficient segment thereof. The public benefit requirement prevents a charity from conferring an unacceptable private benefit in the course of pursuing charitable purposes.

At common law, a **private benefit**¹² means a benefit provided to a person or organization that is not a charitable beneficiary, or a charitable beneficiary where a benefit goes beyond what is considered to be charitable.

¹² Personal benefit is also sometimes used instead of **benefit** in the common law private benefit context; See CRA Guidance product CG-019, How to draft purposes for charitable registration.

Private benefits can be conferred on a charity's staff, directors, trustees, members, and/or volunteers while they are carrying out activities that support the charity, or to third parties who provide the charity with goods or services. Where it can be fairly considered that the eligibility of a recipient relates solely to the relationship of the recipient to the organization, any resulting benefit will not be acceptable.

Providing a private benefit is unacceptable unless it is **incidental** to accomplishing a charitable purpose. A private benefit will usually be incidental where it is necessary, reasonable, and proportionate to the resulting public benefit.¹³

(i) **Necessary** – Necessary means legitimately and justifiably resulting from:

- (a) an action taken to achieve a charitable purpose; or
- (b) a necessary step, a consequence, or a by-product of an action taken to achieve a charitable purpose; or
- (c) the operation of a related business as defined in subsection 149.1(1) of the Act.
and

(ii) **Reasonable** – Reasonable means related to the charitable need and no more than is needed to achieve the purpose, and fairly and rationally assessed and distributed.

and

(iii) **Proportionate** – Proportionate means the private benefit cannot be a substantial part of a purpose or activity, or be a non-charitable end in itself. The private benefit must be secondary and the public benefit must be predominant and more significant.

The public benefit cannot be too speculative, indirect or remote, as compared to a more direct private benefit, particularly when a direct benefit is to private persons, entities, or businesses.

Examples of unacceptable (not incidental) private benefit might include:

- paying excessive salaries/remuneration
- paying for expenses, or providing benefits that are not justified or needed to perform required duties
- providing excessive per diems
- unjustified/unnecessary or excessive payments for services, facilities, supplies, or equipment
- promoting the work, talent, services, or businesses of certain persons or entities, without justification.

¹³ For more information, see CRA Policy statement CPS-024, Guidelines for registering a charity: Meeting the public benefit test.

III. Conferred an undue benefit on a person

As stated above, pursuant to subsection 149.1(1) of the Act, as a charitable organization, no part of the Foundation's income can be payable to, or otherwise made available for, the personal benefit of any proprietor, member, shareholder, trustee or settler thereof. Any portion of a charitable organization's income that is received by such a person would be an unacceptable private benefit.

Typically, private benefits that are unacceptable under the common law will also be undue under subsection 188.1(5) of the Act¹⁴. An **undue benefit** means a benefit provided by a registered charity, a registered Canadian amateur athletic association (RCAAA), or a third party at the direction, or with the consent, of a charity or RCAA that would otherwise have had a right to that amount. An undue benefit includes a disbursement by way of a gift or the amount of any part of the income, rights, property or resources of the charity or RCAA that is paid, payable, assigned or otherwise made available for the personal benefit of any person who:

- (a) is a proprietor, member, shareholder, trustee or settlor of the charity or RCAA;
- (b) has contributed or otherwise paid into the charity or RCAA more than 50% of the capital of the charity or RCAA; or
- (c) does not deal at arm's length with a person in (a) or (b), or with the charity or RCAA.

Undue benefit does not include

- (a) a gift to a qualified donee;
- (b) reasonable consideration or remuneration for property acquired or services received by the charity or RCAA; or
- (c) a gift made, or a benefit provided, in the course of a charitable act¹⁵ in the ordinary course of the charitable activities carried on by the charity or RCAA, unless it can be reasonably considered that the beneficiary was eligible for the benefit solely due to the relationship of the beneficiary to the charity or RCAA.

Subsection 188.1(4) of the Act provides for the levying of a penalty to registered charities under specific circumstances. Under the Act, a registered charity cannot confer on a person an undue benefit (for example, a transfer of property or other resources of the charity to a person who does not deal with the charity at arm's length or who is the beneficiary of a transfer because of a special relationship with a donor or charity.)

Under subsection 188.1(4) of the Act, a registered charity that confers on a person an undue benefit is liable to a penalty equal to 105% of the amount of the benefit.

¹⁴ Undue benefits sanctions are assessed under subsection 188.1(4) of the Act.

¹⁵ While charitable act is not defined in the Act, it is considered to refer to an activity that itself provides a charitable benefit to an eligible beneficiary.

This penalty increases to 110% and the suspension of tax-receipting privileges for a repeat infraction within 5 years.

Audit Findings

I. Gifted to non-qualified donees

Our audit revealed that on January 12, 2016, the Foundation received a gift of land from Foundation for Public Good (Public Good), a registered charity. The gift consisted of two parcels of land—Lot 12 and Lot 58, at [REDACTED] in Squamish, BC—and according to documents provided to us during the audit, the properties had a combined fair market value (FMV) of \$17,110,000. Lot 12 had a FMV of \$5,750,000, while Lot 58 had a FMV of \$11,360,000.

The Foundation sold Lot 58 on November 1, 2016 for \$10,500,000. It is our opinion that this amount appears reasonable in comparison to the property's FMV on January 12, 2016, when the Foundation received the land as a gift. The proceeds from the sale were subsequently gifted to another registered charity, Chimp: Charitable Impact Foundation (CHIMP), in what appears to be a non-arm's length transaction. This matter is discussed in further detail below.

On April 3, 2018, the Foundation sold the beneficial ownership interest in Lot 12 to 1012986 B.C. Ltd. (the Corporation), a private for-profit corporation for \$2,000,000 in accordance with the terms of a bare trust agreement. The lot was paid for with a promissory note which remained outstanding as of the end of the fiscal period ending November 30, 2019. At no point during the audit has the Foundation identified a public benefit that resulted from the disposition of Lot 12.

Additionally, according to the terms of the bare trust agreement, the Foundation maintains ownership of the legal title of the property as the Nominee, however, legal title without beneficial ownership, holds no value¹⁶. This means that all of value of Lot 12 can be attributed to the value of the beneficial ownership interest in Lot 12.

CRA conducted a real-estate appraisal of Lot 12, and according to the appraisal report's findings, the appraised value of this property at the time of the transaction (that is, April 3, 2018) was \$6,475,000. As such, at the time of the disposition the difference between the FMV of Lot 12 and the sale price was \$4,475,000¹⁷. In essence, the Foundation gave the Corporation \$4,475,000 when it agreed to sell Lot 12 to the Corporation for less than its FMV.

The private benefit provided to the Corporation was not necessary to fulfill a charitable purpose or proportionate to the public benefit that may have directly resulted from the disposition.

¹⁶ 2008 TCC 220 507582 B.C. Ltd. and John Frank Krmpotic (Appellants) v. Her Majesty the Queen (Respondent).

¹⁷ \$6,475,000 - \$2,000,000.

II. Delivered non- incidental private benefits

As discussed above, the Foundation gifted \$4,475,000 to the Corporation¹⁸ when it sold the Corporation Lot 12 for significantly less than the property's FMV. It is our position that the \$4,475,000 is also a private benefit that was provided to the Corporation. We must now discuss why we have concluded that this private benefit was unacceptable. Note that in order for a private benefit to be acceptable, it must be necessary, reasonable and proportionate.

The benefit was not necessary, because the Foundation has not demonstrated that it resulted from an action that it took to achieve a charitable purpose: nor has it provided any indication to support that providing the Corporation with the private benefit was a necessary step, consequence, or by- product of an action that it took to achieve a charitable purpose. Furthermore, as a private foundation, the Foundation is not permitted to conduct any business activity¹⁹, related or otherwise, and so the private benefit was not related to the operations of a related business that the Foundation was conducting.

We cannot conclude that the benefit was reasonable under the circumstances either. The Foundation has not shown that the benefit was related in any way to improving its ability to address a charitable need. Accordingly, we have concluded that no charitable need was addressed through the provision of the private benefit to the Corporation.

Regarding the proportionality of the private benefit, it is our view that it was not proportional. As a result of the transaction involving Lot 12, the Foundation received a \$2,000,000 promissory note for an asset that was worth \$6,475,000. This means that the private benefit that the Foundation provided to the Corporation with this transaction alone was 223.75%²⁰ of the maximum potential public benefit the Foundation could provide as a result of the transaction. As the private benefit received by the Corporation is more significant than the potential public benefit that the Foundation provided as a result of the transaction between the two entities, we have concluded that the private benefit was not proportionate.

As the private benefit was neither necessary, reasonable, nor proportionate, we have concluded that the private benefit was unacceptable.

Penalty proposed

III. Conferred an undue benefit on a person

As outlined above, it is our view that the Foundation provided an unacceptable private benefit to the Corporation when it sold Lot 12 to the Corporation for significantly less than the property's FMV.

¹⁸ A non-qualified donee.

¹⁹ See paragraph 149.1(4)(a) of the Act.

²⁰ \$4,475,000/\$2,000,000 = 223.75%

It is our view that the gift to the Corporation²¹ was not reasonable consideration for property acquired by (or services rendered to) the Foundation²², was not made in the course of a charitable act²³, and was not a gift to a qualified donee²⁴.

As such, the gift can be considered as an undue benefit per the definition of "undue benefits" that is provided in subsection 188.1(5) of the Act. As an undue benefit penalty has not been assessed against the Foundation in the previous five (5) years, the penalty is 105% of the undue benefit that was conferred²⁵. Please see the table below for details regarding the calculation of the penalty.

Eden Glen Foundation					
Fiscal Period Ending	Type of Sanction	Sanction %	Sanctioned Amount	Sanction	
Nov. 30, 2018	Undue Benefit	105%	\$ 4,475,000	\$	4,698.750

In summary

Based on the above audit findings, we are considering revoking and/or penalizing the Foundation for not devoting its resources to charitable activities carried on by the Foundation itself.

Accordingly, it is our view that by gifting to a non-qualified donee the Foundation has provided an unacceptable private benefit. As a result, the Foundation has failed to meet the requirements of subsection 149.1(1) of the Act that it devote its resources to charitable activities carried on by the Foundation itself. Additionally, under subparagraph 149.1(4)(b.1)(ii) of the Act the Minister may revoke the registration of a private foundation where the foundation has gifted funds to non-qualified donees. As such, there are grounds for the Minister to revoke the charitable status of the Foundation in the manner described under paragraph 168(1)(b) of the Act.

Penalty proposed

Furthermore, it is our view that the above mentioned unacceptable private benefit is also considered to be an undue benefit as defined in subsection 188.1(5) of the Act. As such, there may also be grounds for the Minister to sanction the Foundation under subsection 188.1(4) of the Act.

²¹ That is, the \$4,475,000 private benefit.

²² Paragraph 188.1(5)(a) of the Act.

²³ Paragraph 188.1(5)(b) of the Act.

²⁴ Paragraph 188.1(5)(c) of the Act.

²⁵ Paragraph 188.1(4)(a) of the Act.

2. Failed to meet the disbursement quota

The disbursement quota (DQ) is the minimum amount a registered charity is required to spend each year on its own charitable activities, or on gifts to qualified donees (for example, other registered charities). The DQ calculation is based on the value of property (for example, cash in bank accounts, inventory, stocks, bonds, mutual funds, GICs, land, and buildings) that a charity does not use for carrying out its own charitable activities or by way of gifts to qualified donees, or for its administrative expenses such as fundraising costs.

The DQ for a private foundation is calculated as follows:

If the average value of a registered charity's property **not** used directly in charitable activities or by way of gifts to qualified donees, or for its administrative expenses during the 24 months before the beginning of the fiscal year exceeds \$25,000, the charity's disbursement quota is: 3.5% of the average value of that property.²⁶

If a private foundation fails to meet its disbursement quota, it can be revoked under paragraph 149.1(4)(b) of the Act.

Misused gifts received from registered charities that are at non-arm's length

Under paragraph 149.1(4.1)(d) of the Act, the Minister may revoke the registration of a registered charity in the manner described in section 168 of the Act 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;

This means that if a registered charity receives a gift from another registered charity with which it does not act at arm's length, it must expend, in addition to its disbursement quota, the FMV of the gift before the end of the following taxation year. An additional requirement is that the gifts cannot be to registered charities with which it does not act at arm's length.

If a registered charity does not fulfill these requirements, its charitable status may be revoked under paragraph 149.1(4.1)(d) of the Act, or be financially penalized under subsection 188.1(12) of the Act.

Subsection 188.1(12) states that:

²⁶ For more information, see CRA website: Disbursement quota calculation.

If a registered charity 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, the registered charity is liable to a penalty under this Act for that subsequent taxation year equal to 110% of the difference between the fair market value of the property and the additional amount expended.

Audit Findings

According to our calculations, we have determined that the Foundation has not met its DQ obligations. We have attached a working paper detailing our calculations. Please see Appendix A, which is enclosed with this letter, for more information.

Misused gifts received from registered charities that are at non-arm's length

As outlined above, the Foundation received a gift of land from Public Good, a registered charity, on January 12, 2016 at a FMV of \$17,110,000. Based on the facts outlined below, it is our position that Public Good operated at non-arm's length to the Foundation at the time of the gift.

In addition, the Foundation received the following gifts of cash from registered charities which we also consider to be not at arm's length with the Foundation based on the facts below:

- June 9, 2016 \$35,000 from Timothy Foundation (Timothy)
- August 15, 2016 \$100,000 from Timothy
- October 3, 2016 \$99,998 from CHIMP

As a result, the Foundation was required to expend, in addition to its DQ, a total of \$17,344,998, by the end of its following fiscal period (that is, November 30, 2017), to arm's length registered charities.

According to the amounts reported by the Foundation on its T3010, *Registered Charity Information Returns*, the total amount of gifts made to qualified donees²⁷ over the course of its 2016 and 2017 fiscal periods was \$10,660,000. As this amount is less than the FMV of the gifts received from Public Good, Timothy, and CHIMP (\$17,344,998), it is impossible for the Foundation to have met its expenditure requirement.

Further, included in the Foundation's \$10,660,000 in gifts to qualified donees were the following:

- November 9, 2016 \$45,000 to Timothy
- January 7, 2017 \$100,000 to Public Good

²⁷ The Foundation's only activity is gifting to qualified donees.

- January 20, 2017 \$10,500,000 to CHIMP

As it is our position these entities were not dealing at arm's length with the Foundation, the gifts cannot be included as a contribution towards the Foundation's expenditure requirement as set out at paragraph 149.1(4.1)(d) of the Act.

Furthermore, the Foundation may also be liable to a penalty equal to 110% of the difference between the FMV of the gifts received from non-arm's length registered charities and the additional amount expended on gifts to arm's length registered charities per subsection 188.1(12) of the Act. The Foundation's potential penalty is as follows:

Eden Glen Foundation				
Fiscal Period	Type of Sanction	Sanction %	Sanctioned Amount	Sanction
Ending Nov. 30, 2017	Gifts not at arm's length	110%	\$ 17,329,998 ²⁸	\$ 19,062,998

Please note, the Foundation made an additional gift of \$15,000 to Kildonan Foundation Society on December 7, 2016. As we do not have sufficient information to determine the arm's length status of the entities at the time of the transaction, we have included the amount of the gift as a contribution towards the Foundation's expenditure requirement and deducted it from the sanctioned amount.

Non-arm's length status of entities

Below are facts about the entities involved in the above-mentioned transactions:

The Foundation

- Per the Foundation's bylaws, the members have the power to elect, remove, and extend the board of directors.
- The Foundation's members are all employees of [REDACTED] is owned and operated by [REDACTED]
- Two of three of the Foundation's directors are [REDACTED] employees. The third director is a [REDACTED]
- Although [REDACTED] is neither a member or director of the Foundation, he has signing authority on its bank account and signed cheques during the audit period.
- The Foundation paid invoices from [REDACTED] signed by [REDACTED] for consulting services during the audit period.
- Documentation provided during the audit shows that the Foundation's members/directors seek instruction and approval from [REDACTED]

²⁸ (\$17,110,000 + \$35,000 + \$100,000 + \$99,998) - \$15,000 = \$17,329,998.

For example, in emails from October 2, 2017, director Sheila Britton requests and receives approval from [REDACTED] for payment of an invoice issued to the Foundation by [REDACTED]

Public Good

- Per the bylaws of Public Good, the members have the power to elect, remove, and extend the board of directors.
- There are three members of Public Good, one being [REDACTED] and another an employee of [REDACTED]
- Two of Public Good's three directors are [REDACTED] employees.

Timothy

- Per the bylaws of Timothy, the members have the power to elect, remove, and extend the board of directors.
- [REDACTED] is a member of Timothy and the other two members are [REDACTED] employees.
- All three directors of Timothy are [REDACTED] employees.
- [REDACTED] signed a faxed request sent to [REDACTED] on June 7, 2016 to transfer \$35,000 from Timothy's trust account to the Foundation's.

CHIMP

- Per the bylaws of CHIMP, the members have the power to elect, remove, and extend the board of directors.
- The only member of CHIMP is Chimp Fund.
- [REDACTED] and his [REDACTED] are two of the three members of Chimp Fund.

Based on the above facts, we have concluded that the Foundation was not acting at arm's length with either Public Good, Timothy, or CHIMP at either the time that the Foundation received gifts from Public Good, Timothy and CHIMP, or when it subsequently made gifts to these same three entities. Our conclusion is such due both to the relationship [REDACTED] had with each of the four entities, along with his level of involvement in the decision making of each entity, at the time of the gifts.

In summary

Based on the above audit findings, we have found that the Foundation has not met its DQ as it misused gifts that were received from registered charities that were acting at non-arm's length to the Foundation. We are considering revoking and/or sanctioning the Foundation for this non-compliance.

Under paragraph 149.1(4.1)(d) of the Act, the Minister may revoke the registration of a registered charity, such as the Foundation, when it misuses gifts that were received from non-arm's length charities. As such, we have concluded that there are grounds for the Minister to revoke the charitable status of the Foundation in the manner described under paragraph 168(1)(b) of the Act.

Penalty proposed

Furthermore, under subsection 188.1(12) of the Act, we are also considering assessing a financial penalty against the Foundation for misusing the gifts it received from registered charities of which it was acting at non-arm's length.

3. Had an ineligible individual that is a director, trustee, or officer of the charity, or controls or manages the charity

The definition of **ineligible individual** at subsection 149.1(1) of the Act reads,

ineligible individual, at any time, means a person who has been

- (a) convicted of a relevant criminal offence unless it is a conviction for which
 - (i) a pardon has been granted and the pardon has not been revoked or ceased to have effect, or
 - (ii) a record suspension has been ordered under the Criminal Records Act and the record suspension has not been revoked or ceased to have effect,
- (b) convicted of a relevant offence in the five-year period preceding that time,
- (c) a director, trustee, officer or like official of a registered charity or a registered Canadian amateur athletic association during a period in which the charity or association engaged in conduct that can reasonably be considered to have constituted a serious breach of the requirements for registration under this Act and for which the registration of the charity or association was revoked in the five-year period preceding that time,
- (d) an individual who controlled or managed, directly or indirectly, in any manner whatever, a registered charity or a registered Canadian amateur athletic association during a period in which the charity or association engaged in conduct that can reasonably be considered to have constituted a serious breach of the requirements for registration under this Act and for which its registration was revoked in the five-year period preceding that time, or
- (e) a promoter in respect of a tax shelter that involved a registered charity or a registered Canadian amateur athletic association, the registration of which was revoked in the five-year period preceding that time for reasons that included or were related to participation in the tax shelter.

A **relevant criminal offence** is defined in the Act as,

a criminal offence under the laws of Canada, and an offence that would be a criminal offence if it were committed in Canada, that

- (a) relates to financial dishonesty, including tax evasion, theft and fraud, or
- (b) in respect of a charity or Canadian amateur athletic association, is relevant to the operation of the charity or association.

The Act provides the CRA with the discretionary authority to suspend or revoke the registration of a registered charity where an ineligible individual is a director, trustee, officer or like official of the charity, or if such an individual controls or manages the charity directly or indirectly.

Audit Findings

According to the Register of Members provided during the audit, Leslie Brandlmayr is a member of the Foundation. Leslie Brandlmayr was previously a director of a registered charity, Canadian Education Forum, which had its charitable status revoked as the result of an audit, effective May 19, 2018. Leslie Brandlmayr was a director of Canadian Education Forum during the period it was under audit.

Based on this information, it is our position that Leslie Brandlmayr meets the definition of an ineligible individual pursuant to subsection 149.1(1) of the Act and as such, there are grounds for either a suspension of the Foundation's charitable status under paragraph 188.2(2)(d) of the Act, or a revocation of the Foundation's charitable status under paragraph 149.1(4.1)(e) of the Act.

In summary

Based on the above audit findings, we have found that an ineligible individual, Leslie Brandlmayr, controlled and/or managed the affairs of the Foundation. We are considering revoking and/or suspending the Foundation's registered status for this non-compliance.

Under paragraph 149.1(4.1)(e) of the Act, the Minister may revoke the registration of a registered charity, such as the Foundation, when it is managed and/or controlled, either directly or indirectly, by an ineligible individual. As such, we have concluded that there are grounds for the Minister to revoke the charitable status of the Foundation in the manner described under paragraph 168(1)(b) of the Act.

Suspension proposed

Furthermore, under paragraph 188.2(2)(d) of the Act, we are also considering suspending the Foundation's registered status for being managed and/or controlled by an ineligible individual.

The Foundation's options:

1. Respond

If the Foundation chooses to respond, send written representations and any additional information regarding the findings outlined above **within 30 days** from the date of this letter to the address below. After considering the response, we will decide on the appropriate course of action. The possible actions include:

- no compliance action;
- issuing an educational letter;
- resolving the issues through a Compliance Agreement;
- applying penalties or suspensions or both, as described in sections 188.1 and 188.2 of the Act; or
- issuing a notice of intention to revoke the registration of the Foundation in the manner described in subsection 168(1) of the Act.

2. Do not respond

The Foundation may choose not to respond. In that case, we may issue a notice of intention to revoke the registration of the Foundation in the manner described in subsection 168(1) of the Act.

If the Foundation appoints a third party to represent it in this matter, please send us a written authorization with the party's name, contact information, and clearly specify the appropriate access granted to the party to discuss the file with us.

If you have any questions or require further information or clarification, do not hesitate to contact me at the numbers below. My team leader, Crystal Scott, may also be reached at 250-857-2222.

Sincerely,

Lacy Ballan
Audit Division
Vancouver Island and North Tax Services Office

Telephone: 236-464-5411
Facsimile: 250-363-3000
Address: c/o 9755 King George BLVD
Surrey, BC V3T 5E1

Enclosure

- Appendix A - Disbursement Quota Calculation

Appendix A - Disbursement Quota Calculation

Name: Eden Glen Foundation **Prepared by:** Lacy Ballan
BN: 819877184RR0001

Purpose: To calculate the disbursement quota (DQ) and determine whether there is a DQ shortfall or excess.

Procedures: Review the Foundation's books and records
 Determine the amount spent on charitable activities
 Review DQ calculation per subsection 149.1(1) of the Act

Calculation of assets and current DQ

	2015-11-30	2016-11-30	2017-11-30
Assets not used in charitable activities			
Cash and short term deposits	\$ -	\$ 129,549	\$ 577,481
Land and buildings	-	17,110,000	5,750,000
Total assets not used in charitable activities	-	17,239,549	6,327,481
 Total assets in 24 months before fiscal	 -	 -	 17,239,549
	50%	50%	50%
 Line 5900 - average in 24 months before fiscal per CRA	 -	 -	 8,619,775
 Line 5900 per CRA	 -	 -	 8,619,775
 Line 5900 per Foundation (T3010)	 -	 -	 8,555,000
 Discrepancy Note 1	 -	 -	 64,775
 Note 1 Discrepancy is due to the inclusion of cash in average asset value. Discrepancy is immaterial when carried through to DQ calculation.			
 Line 5900 reported by Foundation	 -	 -	 8,555,000
 Disbursement quota percentage	 3.5%	 3.5%	 3.5%
 DQ requirement per Foundation	 -	 -	 299,425
 Line 5900 per CRA	 -	 -	 8,619,775
 Disbursement quota percentage	 3.5%	 3.5%	 3.5%
 DQ per CRA	 -	 -	 301,692
 DQ Discrepancy (CRA less Foundation)	 -	 -	 2,267

Calculation of cumulative DQ

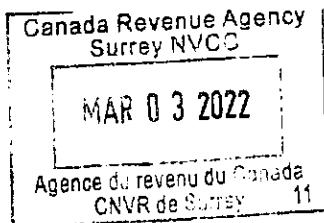
	2015-11-30	2016-11-30	2017-11-30
DQ as calculated by Foundation			299,425
Add:			
Per 149.1(4.1)(d) - gifts from non-arm's length QDs added to DQ requirement in year after gift if not spent on charitable activities or gifted to arm's length QDs			17,344,998
Total disbursement requirement			17,644,423
Total gifts made to QDs as reported on T3010	-	45,000	10,615,000
Less gifts made to non-arm's length QDs - does not meet 149.1(4.1)(d) requirement	-	45,000	10,600,000
DQ Shortfall or (excess) per CRA			\$ 17,629,423
			DQ Shortfall

Conclusion: As the Foundation received gifts from registered charities with which it does not deal at arm's length in its fiscal year ending November 30, 2016, it was required to expend a total of \$17,344,998, by the end of the following fiscal period (November 30, 2017), on either its own charitable activities or by way of gifts made to qualified donees with which it deals at arm's length. Note that the above expenditure requirement is in addition to its DQ of \$299,425.

The Foundation made gifts of \$10,600,000 to non arm's length registered charities and as such, they do not count as a contribution towards its expenditure requirement.

As a result, the Foundation had an overall DQ shortfall of \$17,629,423 in its fiscal year ending November 30, 2017.

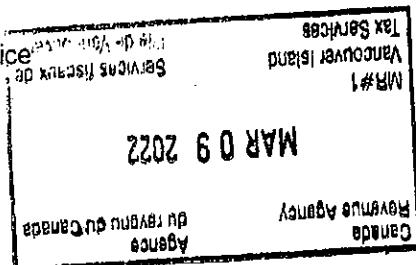
February 23, 2022



Audit Division
Vancouver Island and North Tax Service Office
9755 King George Blvd.
Surrey BC V3T 5E1

Attention: Lacy Ballan, Auditor

Dear Madam:



Eden Glen Foundation

#1250 – 1500 West Georgia St.

Box 62

Vancouver, BC
Canada, V6G 2Z6

T 604 398 3801
F 604 683 5676

RE: Eden Glen Foundation BN 819877184RR0001 Your File # 3055000

Your letter dated January 18, 2022 ("EGF AFL") further to the audit of the books and records of Eden Glen Foundation (the Foundation) conducted by the Canada Revenue Agency (CRA) has been received. Please accept these submissions by way of partial response.

DESIGNATION

In the second paragraph, EGF AFL correctly states that the Foundation was registered as a private foundation. Later, on that page and on pages 2, 3, 4, 5, and 7, EGF AFL refers to the Foundation as an organization. While it is possible for the Foundation to work its way around some of CRA's incorrect use of terms as annoying but inconsequential, many of the errors are not minor 'slips' with no import. The Foundation finds it very disconcerting that the EGF AFL was prepared with such little care throughout its entirety and finds it disrespectful of the Foundation and of the audit process.

The EGF AFL, for example, states on page 5 "in order to satisfy the definition of a **charitable organization...**". The statutory definition of a charitable foundation ends with the words "...and that is not a charitable organization". Consequently, designation is material to the definition and EGF AFL proposes possibly revoking the Foundation's registration pursuant to paragraph 168(1)(b) which reads "ceases to comply with the requirements of this Act for its registration". Because CRA invariably refers back to the definition in subsection 149.1(1) when invoking paragraph 168(1)(b) as the basis for revocation, it is important for CRA to at least reference the correct definition in subsection 149.1(1).

PERSONAL BENEFIT

The statutory definition of a charitable foundation in subsection 149.1(1) is very explicit in specifying that the "personal benefit" to be applicable must be received by a "proprietor, member, shareholder, trustee or settlor" of the Foundation. The corporation which CRA alleges received the personal benefit was not any of the listed persons. Consequently, the alleged infraction, even if true, does not bring the Foundation outside the statutory definition of a charitable foundation and therefore the Foundation does not fail to comply with the Foundation's requirements for registration and therefore paragraph 168(1)(b) does not apply as a matter of law,

Given that EGF AFL proposes to revoke because the Foundation conferred an improper personal benefit, it is also necessary for CRA to establish that the personal benefit was paid out of the "income" of the Foundation. EGF AFL does not even mention this issue.

PRIVATE BENEFIT

EGF AFL cites the statutory definition of a charitable foundation and uses the statutory language of "personal benefit". It then alleges that the Foundation is conferring a "private benefit" without setting out any grounds for accepting that the statute or jurisprudence makes them synonymous. "Personal benefit" is a statutory term whereas "private benefit" is a common law term. The Foundation requires clarification on this issue so that it can determine whether CRA is correct on this issue of law. The Foundation reserves the right to make further submissions on this issue after CRA has responded.

UNDUE BENEFIT

The Act sets out a statutory definition of "undue benefit" in subsection 188.1(5). Given that Parliament has set out a comprehensive statutory definition of "undue benefit", the EGF AFL is not correct as a matter of law to state "Typically, private benefits that are unacceptable under the common law will also be undue under subsection 188.1(5) of the Act". The Tax Court of Canada will require CRA to apply the statutory definition rather than the common law in order to come to the proper interpretation of the statute. It is very difficult to believe that CRA is according the Foundation the degree of administrative fairness to which it is entitled when CRA so flagrantly disregards the statute in favour of some nebulous common law definition which CRA does not define or provide any supporting jurisprudence.

Subsection 188.1(5) states that undue benefit only applies to a personal benefit received by a person who is a "proprietor, member, shareholder, trustee or settlor of the charity". The corporation does not fall under any of those categories.

GIFTED TO NON-QUALIFIED DONEES

The Audit Findings in EGF AFL come to the conclusion that "the Foundation gave the Corporation \$4,475,000 when it agreed to sell Lot 12 to the Corporation for less than the FMV". This is incorrect as an issue of law and CRA is very much aware that the Federal Court of Appeal has ruled on this.

In *Prescient Foundation v. MNR*¹ the Minister sought to revoke the registration of a foundation by characterizing a share sale transaction it did not like as a gift to a non-qualified donee. The Federal Court of Appeal held²:

...I cannot conclude that the amount paid by Prescient for the shares was a gift. The share transaction transferred the beneficial ownership of the farm assets held by

¹ 2013 FCA 120
² *Ibid.* paragraph 42

Vision Poultry to Prescient and the other charities involved in the purchase. There was, therefore, a consideration given by the Dekkers in exchange for the purchase...

The Federal Court of Appeal refused to revoke on that ground. It is troubling that CRA ignores the law as set out in established jurisprudence when seeking to revoke.

VALUE OF LOT 12

EGF AFL states that CRA conducted a real estate appraisal of Lot 12 which resulted in holding that the appraised value as of April 3, 2018 was \$6,475,000. The Foundation asks that it be provided with a copy of that appraisal in order to determine what factors were considered in appraising values.

The most important determinant of fair market value is how much a developer can earn by subdividing and selling individual lots or condominiums. In the vernacular, this is known as how many "doors" have been approved by the municipal zoning authority for development and sale. The unique feature of this land is that the Municipality of Squamish approved the zoning of the entire District Lot 512 as one piece when it was owned by the developers. While there was an envelope of "doors" allocated for the entire District Lot and notionally allocated to various lots, Quest University was given the right to assign all or none of the doors to specific lots. This was done by Quest without the Municipality even having the right to intervene.

Consequently, any appraisal which does not adjust for this factor is seriously flawed.

EGF AFL mentions that the Foundation sold Lot 58 for \$10,500,00 and says that this amount is reasonable. What EGF AFL does not mention is that the purchaser of Lot 58 was a corporation owned by a director of Quest University and could be confident that the appropriate number of "doors" would be allocated. Eden Glen Foundation had no such assurance if it did not sell to a purchaser approved by Quest University. Further, Quest was actively hostile to the Foundation. The only purchaser Quest favoured was [REDACTED] because of his historical generosity to Quest. Even then, Quest did not guarantee that they would transfer the doors and in fact, did not do so. Consequently, it is most unfair for CRA to assign a value of \$6,475,000 to the transfer in 2018.

The issue as to the doors was a matter of public record because a lawsuit was initiated in the Supreme Court of British Columbia on this very issue. Any competent appraiser would know of this lawsuit and the impairment of allocation of "doors". Consequently, the Foundation repeats its request that CRA provide it with a copy of the appraisal so that it can determine whether these facts were considered in arriving at a value. If they were not, it will be necessary to determine whether or not factoring them into the appraisal was an issue of incompetence or deliberate unfairness.

FAILED TO MEET THE DISBURSEMENT QUOTA

While the Foundation has struggled to overlook the multiple mistakes in EGF AFL with regard to designation, statutory interpretation, jurisprudence and the facts around the appraisal of Lot 12, it is not able to comprehend the analysis and does not understand the

case that CRA is seeking to make against it in the disbursement quota section of the letter.

To begin, as we have always sought to be in compliance, we would have filed the Foundation for Public Good gift as a designated gift if we thought we were not dealing at arm's length. We believed and still do believe that these two entities are dealing at arm's length. However, as CRA has determined that we are not dealing at arm's length, rather than getting into a prolonged legal fight, the Foundation requested that Foundation for Public Good being "a particular registered charity" in the subsection 149.1(1) definition of "designated gift"³, consider designating the identified gift in their information return for the appropriate taxation year. The directors of Foundation for Public Good have agreed and the appropriate filings are being made with Charities Directorate. Consequently, the disbursement requirements set out in EGF AFL will not apply.

INELIGIBLE INDIVIDUAL

You have advised that you have found that Leslie Brandlmayr meets the definition of an ineligible individual pursuant to subsection 149.1 (1) of the Act and that Leslie Brandlmayr, controlled and/or managed the affairs of the Foundation. You have advised that you are considering revoking and/or suspending the Foundation's registered status for this non-compliance.

To begin, we confirm that Ms. Brandlmayr was a member during the time of the audit. We further agree the Ms. Brandlmayr was a director of Canadian Education Forum during the period it was under audit and that Canadian Education Forum had its charitable status revoked as the result of an audit effective May 19, 2018.

We do not agree that Ms. Brandlmayr controlled and/or managed the affairs of the Foundation. Ms. Brandlmayr was one of three members and was not a director, officer or like official nor was she a signing officer on any of the Foundation's bank accounts. Ms. Brandlmayr provided valuable insight to the directors on the Foundation's dealings with Quest University Canada but she did not control or manage the Foundation. It is in fact again disrespectful of the directors and others who were tasked with the decision making of the Foundation to presume Ms. Brandlmayr had that level of control. Further, you have noted that Ms. Brandlmayr became an ineligible individual effective May 19 2018. You will know that all of the transactions that this audit has identified as 'areas of concern' occurred prior to May 19 2018. Consequently, it seems harsh to consider revocation and/or suspensions for this area of non-compliance. Your audit findings and the information provided herein do not support revocation or suspensions as a reasonable action for this area of non-compliance. Please know that Ms. Brandlmayr has offered to resign as a member of the Foundation but in fact we would prefer that she stay on as a member until the Foundation completes all related transactions with respect to its history with Quest University Canada as we value her insight and perspective to inform our decision making. However, to be clear, if Ms. Brandlmayr staying on as a member would be the basis for CRA revoking the Foundation's charitable status, please advise and we will accept Ms. Brandlmayr's resignation as a member.

³ designated gift means that portion of a gift of property made in a taxation year by a particular registered charity, to another registered charity with which it does not deal at arm's length, that is designated by the particular registered charity in its information return for the taxation year;

ADMINISTRATIVE FAIRNESS

CRA refers to letters such as the one you wrote on November 30, 2021 as an "Administrative Fairness Letter". Unfortunately, the Foundation has grounds to be concerned about whether it is being accorded "administrative fairness". Please address the Foundation's concerns about administrative fairness when responding to the issues raised in this letter.

CONCLUSION

In this response, we have provided further information and analyses for your consideration with respect to all the areas of non-compliance you have identified in the EGF AFL.

We have also set out some of our concerns regarding this audit and we have requested further information from you on some specific matters as set out herein.

The Foundation is appreciative of your observations, findings and comments. We have always sought to be in compliance and we are intent on ensuring that we are in compliance going forward. We are hopeful that we can work with you to resolve the areas of concern to your satisfaction and learn from the process.

If we can provide anything further at this time, please advise.

Sincerely,

Eden Glen Foundation

