

April 30, 2020

To: Board of Governors, Quest University Canada
Dr. George Iwama, President, Quest University

c.c. Blake Bromley & John Bromley
Mr. Jordan Sturdy, MLA, West Vancouver-Sea to Sky
Neil Bunker, PricewaterhouseCoopers LLP

RE: Quest University and The Bromley Charities

Further to my communication with Dr. Iwama, I am writing to provide historical information about the early funding of Quest University ("Quest"). My hope is that this information will enable you to better understand Quest's current situation and to take effective action.

As we know, Quest is unique and promising. Young people from around the world have come to study at Quest, placing their trust in you and in post-secondary education in British Columbia. Quest is also a major employer in Squamish and an important part of the town's transition from a struggling economy to a diversified and stable community. But now Quest is in creditor protection over a mortgage debt dispute with Vanchorverve Foundation.

Vanchorverve Foundation & Charitable Impact ("CHIMP") Foundation

According to my research into the tax returns for Vanchorverve, it was first registered back in 2010. For its first seven years, Vanchorverve was financially inactive. Since then, Vanchorverve has had only two sources of revenue:

- 1) Gifts from two registered charities:
 - o \$20.8 million from Charitable Impact Foundation ("CHIMP")
 - o \$40,000 from Eden Glen Foundation
- 2) Interest and investment income: roughly \$865,000

From their history it is clear that Vanchorverve, Eden Glen and CHIMP are among the charities established by Blake Bromley ("The Bromley Charities"), as described in the Summary ahead. (As you'll notice, in fairness to the Bromleys I have cc'd them on this letter).

Since it began in 2011, CHIMP's assets have soared from zero to \$202 million. The question is, where did CHIMP get that \$202 million?

On the basis of my research, it is clear to me that over the years, CHIMP has been given gifts totalling at least \$120 million, possibly more, that originated from tax-receipted donations reported by The Bromley Charities that established Quest. My impression is that this is money that should have gone to Quest in the first place.

As I see it, the gifts to CHIMP that should have gone to Quest are as follows:

- \$ 34.4 million from Almoner Foundation (2011-2019)
 - \$ 33.8 million from Foundation For Public Good (2017-2019)
 - \$ 12.1 million from the Association for the Advancement of Scholarship (2012-2018)
 - \$ 10.5 million from Eden Glen Foundation (2017)
 - \$ 10.1 million from Timothy Foundation (2012-2017)
 - \$ 7.0 million from Mighty Oaks Foundation (2014)
 - \$ 4.0 million from Headwaters Foundation (2011)
 - \$ 3.7 million from Homestead on the Hill Foundation (2018)
 - \$ 3.4 million from Global Charity Fund (2014)
 - \$ 1.0 million from Theanon Foundation (2011-2014)
- \$ 120 million TOTAL**

All the above gifts to CHIMP, and more, originate from charitable organizations for whom the establishment of QUEST was a flagship project according to the names of these organizations and their stated purposes as reported in their tax returns.

As a simple example, I've attached a spreadsheet for QUC Residents Housing Foundation. As you can see, QUC Residents Housing received \$2.5 million from Global Charity Fund but that money didn't go to Quest. Instead, \$1.1 million was gifted to Pacific Light Foundation which re-gifted the funds to CHIMP.

It would be logical to conclude that Quest should simply recover the \$120 million but there are other issues that also need to be considered. For example, there is the astounding question about whether the \$120 million even exists. In other words, is the \$120 million "real" or is it just on the books? Were the gifts listed above for \$120 million given at real value, particularly the gifts that originated as non-cash donations, and is the \$120 million backed by the current value of tangible assets?

In closing, I urge you, in fairness to the students who have placed their trust in Quest, to address the unanswered questions (attached) about the early funding of your university. At the very least, I believe that your board should request that CHIMP account for itself with regards to the nature and the history of its assets (cash and non-cash). Furthermore, I believe that you should request that CHIMP provide to Quest forthwith any and all assets that should have gone to Quest in the first place. Should CHIMP fail to respond, I urge you to consult your legal counsel regarding steps for recovery, including the complete release of debt for your mortgage that is in now in foreclosure.

I am available to answer questions and provide extensive, additional information.

Sincerely,
Vivian Krause

SUMMARY

The Role of The Bromley Charities In The Early Years of Quest University

Quest University ("Quest") is an independent, not-for-profit institution, a legacy project of Dr. David Strangeway, the late president of the University of British Columbia, and Dr. Stewart Blusson, a pioneer in the Canadian diamond industry. Early administrative work to establish Quest was co-ordinated by Blake Bromley, a Canadian lawyer based in Vancouver.

Bromley claims to specialize in legal matters pertaining to charity. At least 50 charities with which he has worked ("The Bromley Charities") have been involved in various ways in handling tax-receipted donations reported by charities that started Quest (**Tables 1 and 2**).¹

The Bromley Charities seem to be part and parcel of a common operation. These charities have a common core of directors, many of whom are Bromley's employees. The main sources of revenue of The Bromley Charities are: 1) tax-receipted donations, and 2) gifts from each other. In fact, The Bromley Charities have made 330 gifts to each other for a total of \$765 million (**Tables 3 and 4**). The pattern of re-gifting between the Bromley Charities indicates that, in essence, these charities operate like multiple pockets in the same pair of pants. For these reasons, the analysis presented here looks at The Bromley Charities as a whole.

Of the charities involved in establishing Quest, 12 reported tax-receipted donations (**Table 5**).^a Aggregated over nearly 20 years, the total revenue of these 12 charities was about \$810 million (2000-2019). That included \$530 million in tax-receipted donations:

- The Stewart and Marilyn Blusson Foundation: \$123 million
- C & R Foundation and Loyalty Foundation: \$101 million^b
- Sea to Sky Foundation: \$89 million
- Other Bromley Charities: \$217 million

^a Association for Advancement of Scholarship, Almoner Foundation, Canadian Education Forum, C & R Foundation, Global Charity Fund, HSEF Renaissance Academy, Howe Sound Samaritans Foundation, Loyalty Foundation, QUC Residents Housing Foundation, Sea to Sky Foundation, Stewart & Marilyn Blusson Foundation, Theanon Foundation.

^b The C & R Foundation and Loyalty Foundation are referred to together because they are run by the same people. In 2015, C & R Foundation gifted its remaining assets to Loyalty Foundation, and closed.

From their names and their stated purposes (**Table 6**) as reported in their tax returns, it is clear that a flagship project of most of these charities was the establishment of Quest.

Today, the total remaining assets of the 12 Bromley Charities are \$70 million (\$9 million cash/land and \$61 million as receivables). Evidently, these charities have wound down.

Looking only at the 12 charities that reported tax-receipted donations in the course of establishing Quest, one finds that their combined expenditures were \$760 million (2000-2019). But of that, gifts to other charities were given for a total of about \$90 million. Quest was gifted \$30 million while other charities received about \$60 million. Quest also received land in deals that keep Quest tied to The Bromley Charities. In addition, interest and bank charges and other, unspecified expenditures were reported for a staggering total of \$280 million.

Charitable Impact Foundation ("CHIMP")

Charitable Impact Foundation ("CHIMP,") is staffed by two of Blake Bromley's sons, John and Clif, and others. CHIMP, which began in 2011, now has \$200 million in assets. As it appears, at least \$120 million of CHIMP's total assets originated from The Bromley Charities that established Quest University. That \$120 million should be gifted to Quest.

The case of Global Charity Fund is a clear example of a Bromley Charity that funneled tax-receipted donations into CHIMP. In 2011, Global Charity Fund reported \$70 million as tax-receipted non-cash donations. But of that, only \$950,000 went to Quest and \$925,000 went to other legitimate recipients. More than \$1 million was paid in fees for services, and the remainder of the \$70 million was gifted directly or indirectly to CHIMP.

While the Bromley charities gifted only token amounts to Quest, a significant real estate business was set up to sell residential lots for market housing in Quest's vicinity. In the process, The Bromley Charities have paid \$27 million (2000-2019) in fees for services (**Table 7**). On top of that, CHIMP, a registered charity, has paid \$23 million to Chimp Technology Inc., a private company run by John Bromley and others. That includes \$12.8 million paid in 2018 alone.

One of the Bromley Charities at the centre of the creation of Quest is Theanon Foundation ("Theanon"). In 2018, the Canada Revenue Agency ("CRA") revoked Theanon's charitable status over sham transactions related to the sale of a chicken farm such that capital gains

tax and other taxes payable were avoided. The CRA also noted that Theanon had purchased 56 residential lots for re-sale at a profit. Those lots are in the vicinity of Quest. CRA concluded that since Theanon is a registered charity, the purchase and re-sale of lots and the holding of mortgages for the purchasers is not allowable under The Income Tax Act. Theanon was ultimately shut down by the CRA but it took 13 years.

The Sea to Sky Act, which created Quest University, says that if Quest were dissolved, Quest's assets (read: land) would go to registered charities at the direction of the board. Now that Vanchorverve has sought to replace Quest's board with its own people, it is easy to see how The Bromley Charities could profit from Quest's demise.

Monkey Business

By the looks of it, The Bromley Charities have consolidated their real estate business in CHIMP. Between 2011 and 2018, 90 percent of CHIMP's total revenue from other charities is accounted for by 25 very large gifts for a total of roughly \$200 million. Many of these multi-million dollar "gifts" appear to be land, mortgages or loans. These very large amounts would stick out like a sore thumb in CHIMP's tax returns were it not for the thousands of gifts that CHIMP has also made. But as it appears, there is some monkey business going on here.

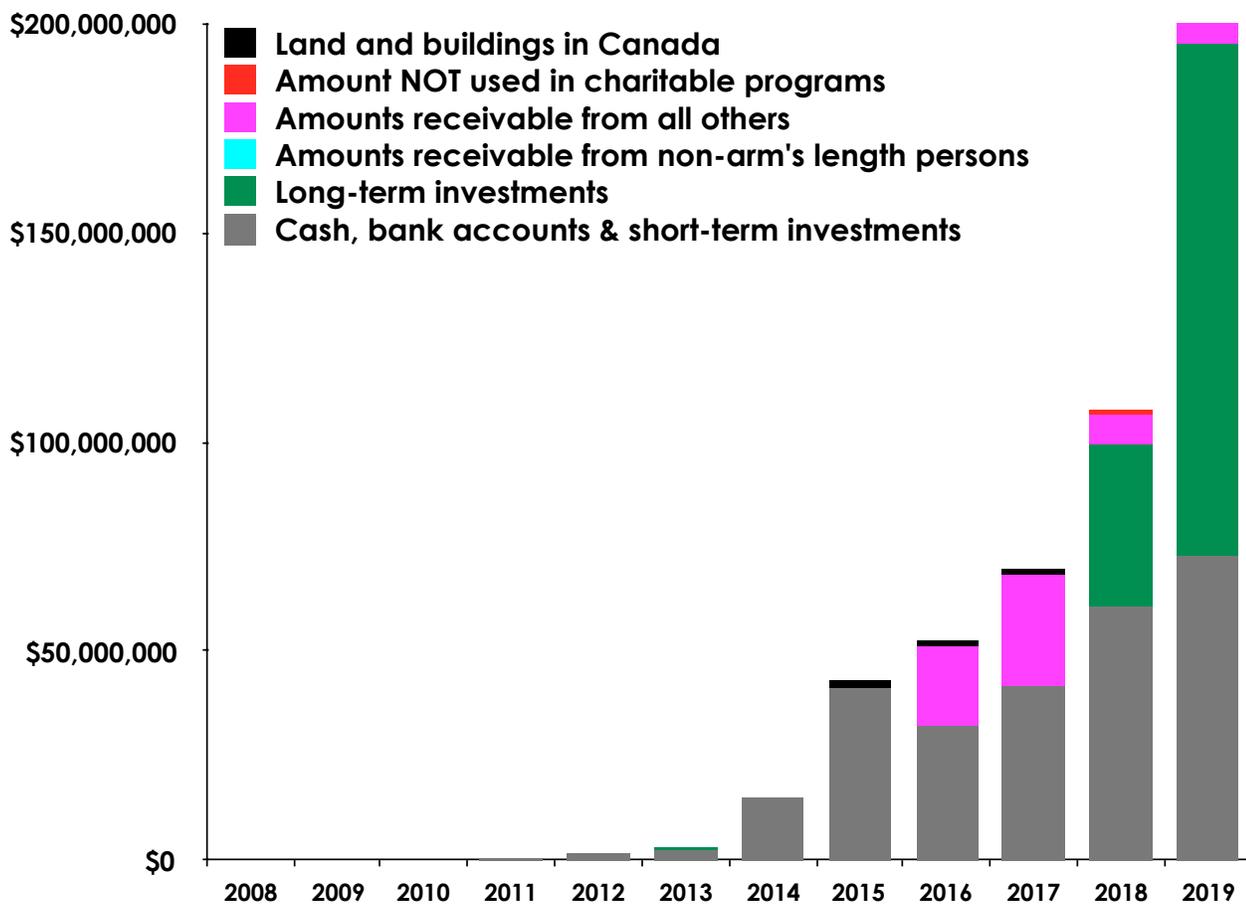
Since 2011, CHIMP has sent 13,000 gifts to charities across Canada. Most of CHIMP's gifts are very small. In fact, more than 2,000 registered charities were sent gifts of only \$19 or less. For example, The Missing Children's Society was sent a gift from Chimp - but only for \$4. With assets of \$200 million and the ability to pay Chimp Technology Inc. \$23 million, it would appear that CHIMP has significant resources. *Or does it?* With \$200 million in assets, supposedly in the bank, why would CHIMP make so many thousands of meaninglessly tiny gifts?

Call To Action

At the very least, Quest should request that CHIMP explains the nature and the history of its assets (cash and non-cash) and that CHIMP gives to Quest any and all assets that should have gone to Quest in the first place.

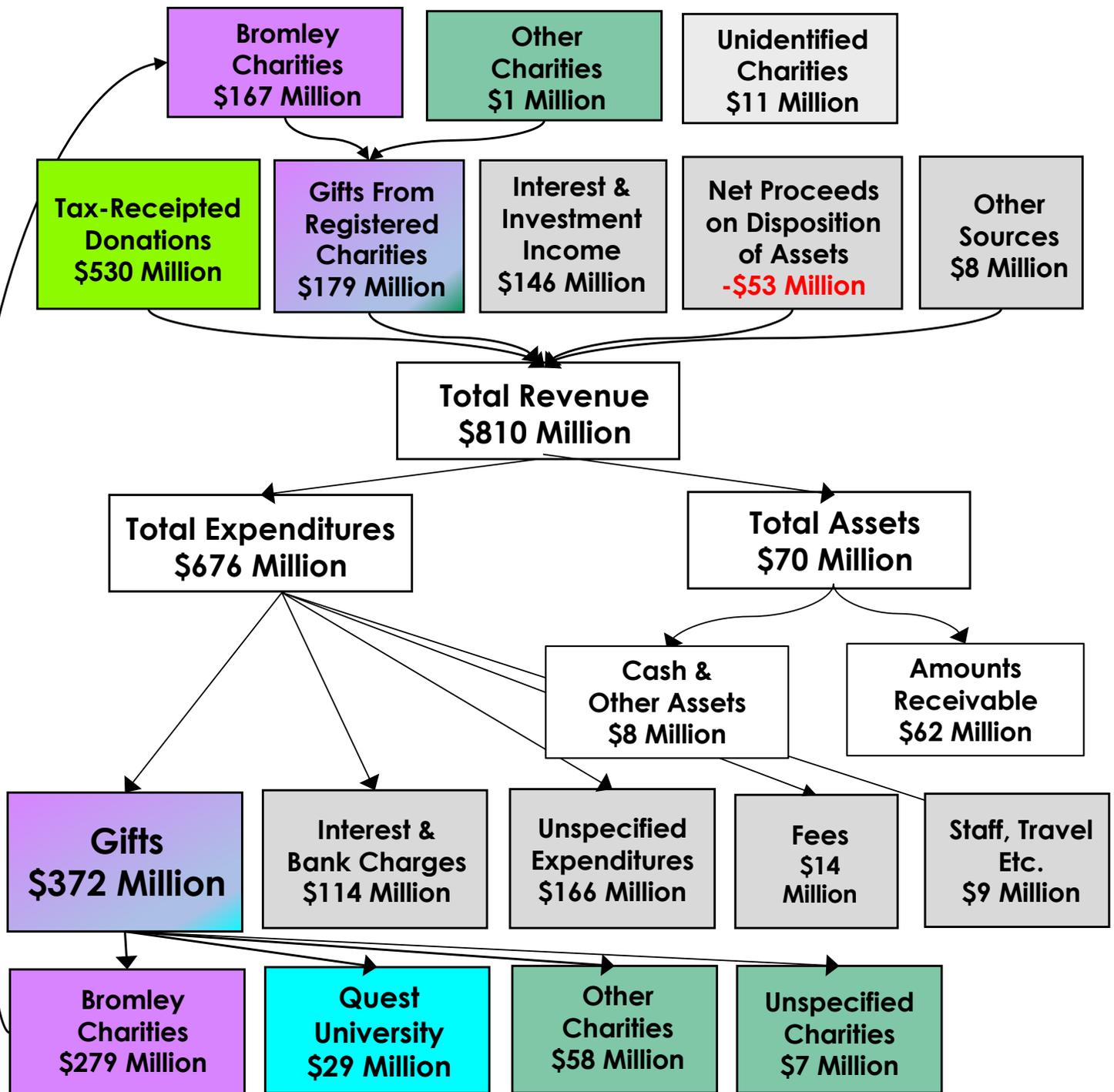
¹ The Tables referred to here can be found in the attached document, The Bromley Charities & Quest University, prepared by Vivian Krause, April 20, 2020.

Charitable Impact (“CHIMP”) Foundation Assets



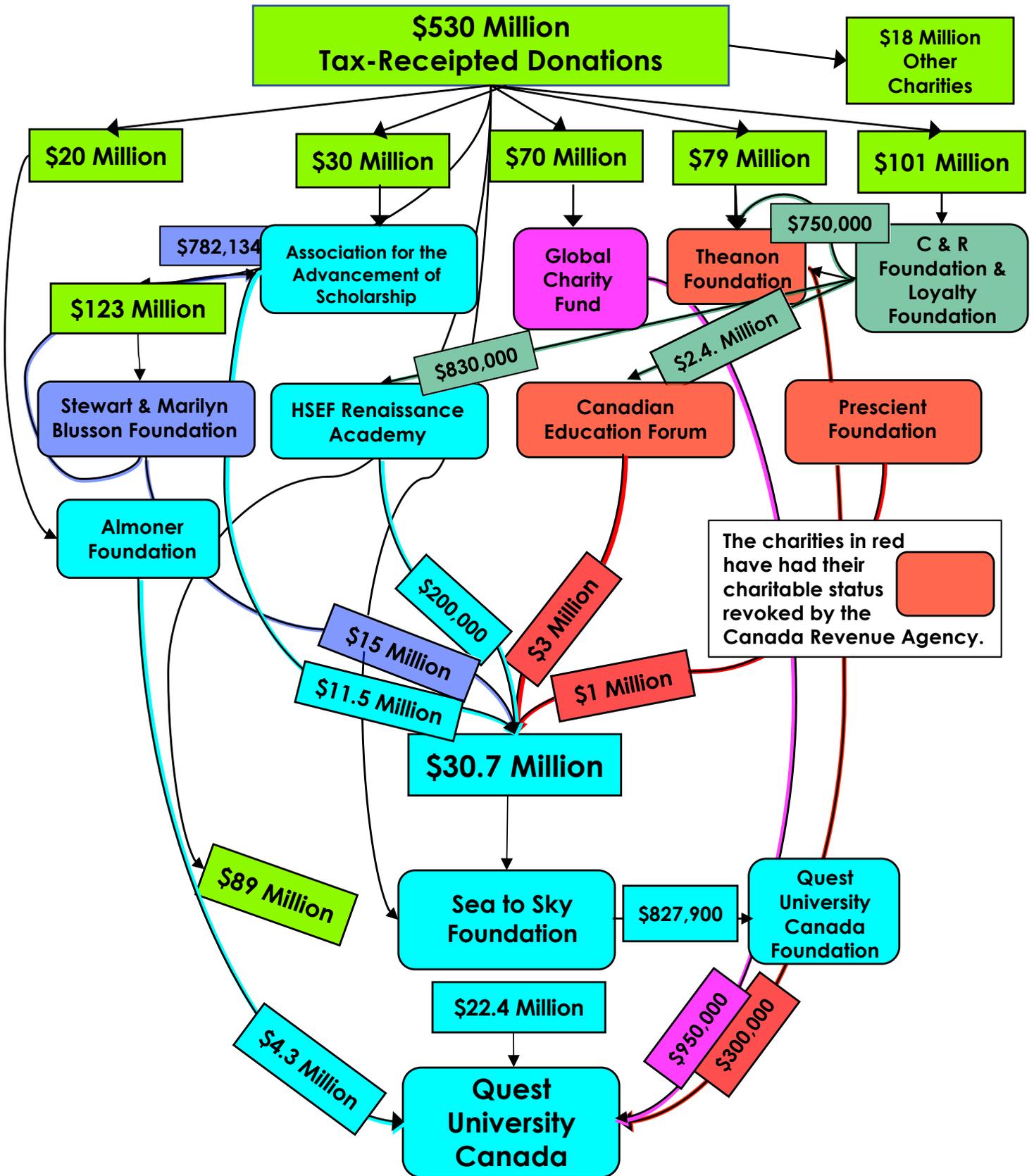
Source: Compiled from Canadian tax returns.

The Combined Assets, Revenue & Expenditures (2000-2019) of The Bromley Charities Involved in the Early Development & Start-Up of Quest University: A Rough Overview



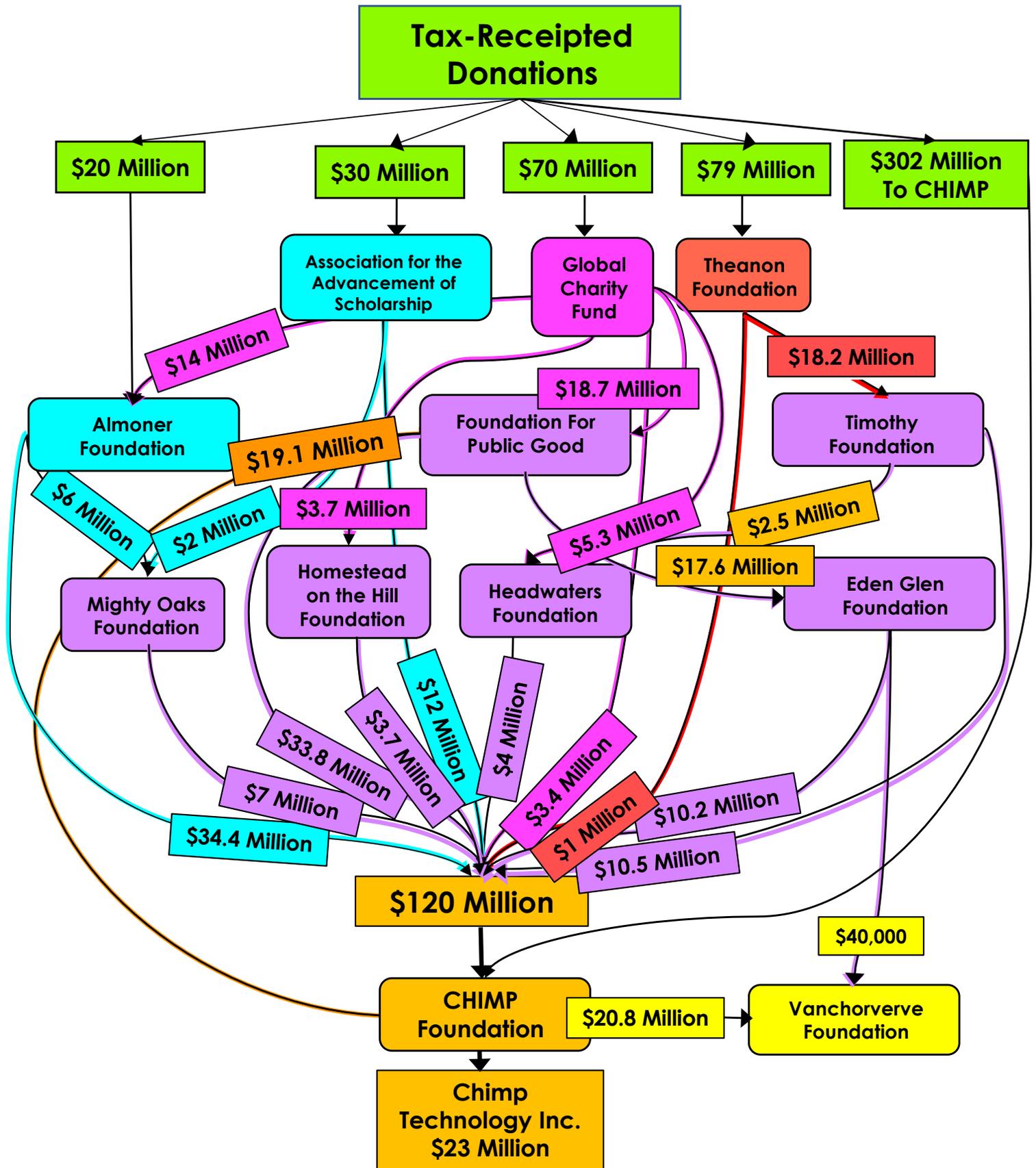
Source: This figure is based on the publicly available Canadian tax returns of these organizations: The Stewart & Marilyn Blusson Foundation, C & R Foundation, Loyalty Foundation, Theanon Foundation, Canadian Education Forum, Sea to Sky Foundation, Association for the Advancement of Scholarship, HSEF Renaissance Academy, Howe Sound Samaritans Foundation, QUC Residents Housing Foundation, Global Charity Fund, Almoner Foundation and Prescient Foundation. Six of these charities are now closed. The tax returns for their last months are not available therefore final information for these charities is incomplete.

The Involvement of Registered Charities In Funding The Early Development and Start-Up of Quest University



Source: This figure was compiled from the publicly available Canadian tax returns and financial statements of the charities mentioned here. In addition to the \$502 million shown here, \$28 million in tax-receipted donations was reported by HSEF Renaissance Academy, Prescient Foundation, and other Bromley Charities not shown.

How \$120 Million in Tax-Received Donations Was Gifted To CHIMP



Source: This figure was compiled from the publicly available Canadian tax returns and financial statements of the charities mentioned here. Note that in addition to receiving \$33.8 million from Foundation for Public Good, CHIMP also gifted \$19.1 million to Foundation For Public Good.

QUC Resident Housing Foundation

PLEASE SEE NOTICE & DISCLAIMER BELOW		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010 - 2019
Directors	Leslie Brandimayr	X	X	X	X	X	X	X	X	X	X	
	Nalhan Lepp	X										
	Sheila Britton									X	X	
	Bruno Wall	X	X	X	X	X	X	X	X			
	William Woodson	X	X	X	X	X	X	X	X	X	X	
	Basel Davis	X										
Assets	Total assets			\$1,500,065	\$406,249	\$51,536	\$51,012	\$49,998	\$49,033	\$46,899	\$46,460	
	Cash, bank accounts & short-term investments			\$1,499,450	\$406,215	\$51,514	\$51,012	\$49,963			\$46,460	
	Inventories											
	Land and buildings in Canada											
	Long-term investments											
	Other capital assets in Canada											
	Other assets											
	Amount NOT used in charitable programs											
	Amounts receivable from non-arm's length parties							\$8				
	Amounts receivable from all others			\$615	\$34	\$22		\$35				
	Accumulated amortization of capital assets											
	Ten year gift											
Liabilities	Total liabilities			\$0	\$0	\$0	\$0	\$542				
	Amounts owing to non-arms length parties											
Revenue	Total Revenue			\$2,510,088	\$6,817	\$746,296	\$0	\$0	\$0	\$0	\$0	\$3,263,201
	Tax-receipted gifts											
	Gifts for which a tax receipt NOT issued											
	Revenue from other registered charities			\$2,500,000		\$742,987						\$3,242,987
	Specified gifts from other registered charities											
	Revenue from federal government											
	Interest and investment income			\$10,088	\$6,817	\$3,309						\$20,214
	Total non tax-receipted revenue from fundraising											
	Sale of goods & services											
	Gross income from rental of land/buildings											
	Gross proceeds from disposition of assets											
	Net proceeds from disposition of assets											
Other revenue												
Expenditures	Total Expenditures			\$1,010,023	\$1,100,634	\$1,101,008	\$517	\$1,564	\$423	\$2,134	\$439	\$3,216,742
	Advertising and promotion											
	Travel and vehicle expenses											
	Interest and bank charges			\$24	\$63	\$84	\$194	\$83		\$72	\$90	\$610
	Staff compensation											
	Professional & consulting fees			\$9,477	\$571	\$924	\$323	\$1,481	\$423	\$2,062	\$349	\$15,610
	Office supplies & expenses											
	Occupancy costs											
	Amortization of capitalized assets											
	Other expenditures			\$522								\$522
Gifts to Qualified Donees			\$1,000,000	\$1,100,000	\$1,100,000	\$0	\$0	\$0			\$3,200,000	
Summary Statistics	Charitable Programs											\$0
	Management & Administration			\$10,023	\$634	\$1,008	\$517	\$1,564	\$423	\$2,134		\$16,303
Property not used in charitable activity	The 24 months before fiscal period beginning				\$747,786	\$950,894	n/a	n/a	n/a	\$49,493	\$47,938	\$1,796,111
	The 24 months before fiscal period end			\$747,786	\$950,894	\$228,865	n/a	n/a	n/a	\$47,938	\$46,652	\$2,022,135
Gifts to QUC Resident Housing Foundation	Global Charity Fund			\$2,500,000								\$2,500,000
	Chimp Foundation					\$742,987						\$742,987
Gifts from QUC Resident Housing Foundation	Fortius Foundation			\$1,000,000	\$1,100,000							\$2,100,000
	Pacific Light Foundation					\$1,100,000						\$1,100,000

Designation: Charitable Organization. Date of registration: 2009-12-09. Registration #: 832447254RR0001. Fiscal year ends August 31.

Address: 1500 West Georgia Street Suite 1250 Box 62, Vancouver B.C.

NOTICE & DISCLAIMER: This spreadsheet was prepared by Vivian Krause in order to obtain a rough overview of the finances of this organization. The information in this spreadsheet was derived by compiling tax data that is available to the public at the web-site of the Canada Revenue Agency: <https://www.canada.ca/en/revenue-agency/services/charities-giving/charities-listings.html>. This spreadsheet was prepared by copying and pasting figures from on-line tax returns. All data was double-entered and cross-checked for errors in order to reduce the risk of error in data entry. Nevertheless, there may be errors in this spreadsheet. As such, users of this information are advised to consult the original tax returns posted on-line by the CRA in order to ensure the accuracy and currency of all information. While this information is believed to be accurate, it is not guaranteed to be so. The information contained herein is subject to change without notice, and may become out-dated and may or may not be updated.

Last up-dated: April 20, 2020.

Charitable Impact (“CHIMP”) Foundation: Total Assets

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total assets		\$0	\$0	\$690,863	\$2,086,435	\$2,853,762	\$15,335,058	\$42,788,803	\$52,662,032	\$69,991,715	\$105,869,425	\$202,148,377
Cash, bank accounts & short-term investments				\$681,369	\$2,073,770	\$2,327,831	\$15,274,974	\$41,029,907	\$32,064,569	\$41,769,366	\$60,461,649	\$72,911,081
Long-term investments						\$510,000					\$38,898,281	\$122,464,001
Amounts receivable from non-arm's length persons											\$329,639	
Amounts receivable from all others				\$9,494	\$11,825	\$12,698	\$30,294	\$79,652	\$18,927,471	\$26,578,153	\$6,509,495	\$6,034,911
Amount NOT used in charitable programs											\$1,140,670	\$738,384
Land and buildings in Canada								\$1,665,775	\$1,611,094	\$1,548,275		\$338,425
Other capital assets in Canada					\$840	\$3,233	\$9,275	\$9,275	\$9,275	\$9,275		
Other assets							\$25,550	\$11,561	\$58,039	\$95,534		\$399,959
Accumulated amortization of capital assets							-\$5,035	-\$7,367	-\$8,416	-\$8,888		

Source: Compiled from Canadian tax returns.

Last updated: April 28, 2020.

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