

**A Purported “Gift” of
\$30,560,060 towards
Quest University Canada**



Government of Canada

Gouvernement du Canada

[Home](#) → [Canada Revenue Agency](#) → [Charities and giving](#) → [Charities Listings](#) → Search

Resources
Online services
Forms and publications
A to Z index
Enquiries

Registered charity information return

i Please note that the information displayed below has been manually entered by the Canada Revenue Agency from the registered charity's T3010, *Registered Charity Information Return*.

This information has not been verified for accuracy or completeness by the Charities Directorate.

Registered charities that notice problems with their online information should go to [Amending the T3010 information return](#).

[Contact us](#) if you are unable to print this return, or if you would like a copy of the public portion of the T3010, *Registered Charity Information Return*.

2002 Annual information return for THEANON CHARITABLE FOUNDATION

▶ **Section A: Identification**

▶ **Section B: Directors/trustees**

▶ **Section C: General information**

▼ **Section D: Financial information**

Statement of assets and liabilities

i **Note:** If the charity has indicated its financial statements are available to the public (see line 50 below) and you would like a copy, please [contact us](#).

Would you like us to make these separately-attached financial statements available to the public? **050** No

Assets

Cash on hand and in bank accounts

051	\$ 1,249,392		
	Amounts receivable from founders, directors/ trustees, employees, members, or individuals and organizations not at arm's length to them	052	
	Amounts receivable from others	053	\$ 1,898
	Other investments	054	\$ 2,685,182
	Fixed assets and inventory used in charitable programs	055	
	Other fixed assets and inventory	056	
	Other assets	057	
	Total assets (add lines 051 to 057)	058	\$ 3,936,472

Liabilities

	Contributions, gifts, and grants payable for charitable programs	061	
	Amounts payable to founders, directors/trustees, employees, members, or individuals and organizations not at arm's length to them	062	
	Amounts payable to others	063	\$ 1,455
	Other liabilities	064	
	Total liabilities (add lines 061 to 064)	065	\$ 1,455

Statement of receipts and disbursements

The following financial information was prepared using the following method	099	ACCRUAL
--	------------	---------

Gifts and grants received this fiscal period

Total tax-receipted gifts	100	\$ 30,560,060
Portion of the amount on line 100 that was received from other registered charities	101	
Total other gifts	102	\$ 48,750
Portion of the amount on line 102 that was received from other registered charities	103	\$ 48,750

Government grants

Federal	104	
Provincial/territorial	105	
Municipal	106	
Other	107	
Total (add lines 104 to 107)	108	\$ 0

private foundation controlled by [REDACTED]. A summary of these transactions are provided in the attached Appendix C.

In our view, the transfer of the [REDACTED] shares to the Organization and the related transactions as summarized in Appendix C were never intended to benefit the Organization nor further its charitable purposes. While the Organization's charitable purpose is to make gifts to qualified donees, it is our position that the transfer of the [REDACTED] shares by the Organization to [REDACTED] does not fit under this purpose. The facts, as summarized in Appendix C, indicate that the [REDACTED] shares were pre-ordained to be transferred to [REDACTED], as the Organization had no discretion regarding their use and only acted as a conduit to route the property to [REDACTED] while issuing a donation receipt for [REDACTED]. As explained in Mr. Blake Bromley's June 29, 2006 letter to the CRA, [REDACTED] had intended for [REDACTED] to receive the [REDACTED] shares but routed the property through the Organization solely to prevent [REDACTED] from losing its designation as a charitable organization³. In other words, one of the intended purposes of these transactions, in which the Organization played a crucial role, was to help [REDACTED] circumvent certain provisions of the Act.

Mr. Bromley also stated that the purpose of transferring the [REDACTED] shares to [REDACTED] was to allow [REDACTED] to use the [REDACTED] shares to secure loans to assist in the construction of the [REDACTED]. However, our records indicate that [REDACTED] never used the [REDACTED] shares to secure any loan during the time it held the shares. It is our view, therefore, that neither the Organization's nor [REDACTED]'s charitable purposes were ever furthered by their participation in this arrangement.

On the contrary, it is our view that the arrangement conferred significant benefits on [REDACTED] and persons related to [REDACTED]. We note that, as a result of the transactions in the arrangement, [REDACTED] received a donation receipt of \$30,520,910 from the Organization for the [REDACTED] shares but ultimately retained possession of this property. While [REDACTED] re-acquired the [REDACTED] shares from [REDACTED] with the royalty interest, the Blusson Foundation subsequently received the royalty interest with no consideration. Furthermore, [REDACTED] would only have to report 25% of the capital gains from the disposition of the [REDACTED] shares to the Organization because of its status as a public foundation⁴. Yet, by acquiring them back, the ACB of the shares has been increased to \$31,324,092. Finally, it is our view that another purpose of the arrangement was to avoid the application of the "loanback" provision under subsection 118.1(16) of the Act. Our records indicated that the [REDACTED] used the royalty interest as consideration to acquire 27,500 Class B non-voting shares of [REDACTED] ([REDACTED] shares) from the [REDACTED] on December 31, 2005. The [REDACTED] shares are considered non-qualifying securities (NQS) of [REDACTED] immediately after that time, as [REDACTED] owns 100% of the common shares of [REDACTED]. Therefore, if [REDACTED] had received a donation receipt

³ Mr. Blake Bromley, in his letter of June 29, 2006 to the CRA, advised: "It was in the interests of [REDACTED] that these shares not be donated directly to it by [REDACTED] because such a donation would cause [REDACTED] to subsequently lose its status as a charitable organization because 50% of the capital would have been contributed by a single donor. This potential problem was avoided because [REDACTED] received the donation from a public foundation."

⁴ See paragraph 38(1)(a) of the Act, as amended by S.C. 2002, c.9, s. 22(1), applicable to dispositions that occur after 2001.



REGISTERED MAIL

October 25, 2018

Ms. Leslie Brandlmayr
Director
HSEF Renaissance Academy
1250 - 1500 W. Georgia St.
Box 62
Vancouver, BC V6G 2Z6

BN: 88520 5427 RR0001
File #: 3007459

Dear Ms. Brandlmayr:

Subject: Audit of HSEF Renaissance Academy

This letter results from the audit of the HSEF Renaissance Academy (the Organization) conducted by the Canada Revenue Agency (CRA). The audit related to the operations of the Organization for the period from December 1, 2009, - November 30, 2015.

On October 25, 2018, the Organization was advised that the CRA 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.	Issuing official income tax receipts not in accordance with the Act	110.1, 118.1, 149.1(2), 168(1)(d) Reg. 3500, 3501(1), and 3501(1.1)
2.	Failure to devote resources to charitable activities	149.1(1), 149.1(3), 149.1(4.1)(a), 168(1)(b)

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 Organization an opportunity to respond and present additional information. The Organization must comply with the law; if it does not, its registered status may be revoked in the manner described in section 168 of the Act.

Please note that the findings outlined below relate to our previous audit for the period December 1, 2004, to November 30, 2008, and, our current audit for the period December 1, 2009, to November 30, 2015.

Archon Shares (reviewed in prior audit):

- A total of 16,063,637 public shares of Archon Minerals Ltd. (Archon) with a total value of \$30,520,910 were donated to Theanon Charitable Foundation (Theanon) on December 31, 2001.
- An official donation receipt was issued to Stewart Blusson in the amount of \$30,520,910 (16,063,637 @ \$1.90/share).
- The tax-receipted amount was based on the share's exchange trading price on December 31, 2001, of \$1.90/share.
- Theanon gifted the shares to the Organization on January 10, 2002, as reported in Theanon's T3010 for the year ending April 30, 2002.
- Theanon and the Organization were related through a common director (Blake Bromley).
- An Option Agreement dated January 8, 2002, between Mr. Blusson and the Organization granted Mr. Blusson an irrevocable option to purchase any and all of the Archon shares before November 30, 2005.
- Mr. Blusson exercised the option to purchase the Archon shares on July 1, 2005, for \$31,324,000 at the listed price of \$1.95/share (16,063,637 @ \$1.95/share), which created an amount due from Mr. Blusson.
- The Organization purchased a royalty interest (i.e. future revenue) in a diamond mining area in the Northwest Territories known as "Two Misery Pipes" from Mr. Blusson on July 1, 2005, which created an amount due to Mr. Blusson. The royalty interest was valued at \$31,300,000. Note: The Organization was not provided with an independent appraisal of the fair market value of the royalty interest.
- A Debt Offset Agreement dated July 19, 2005, between Mr. Blusson and the Organization offset the amounts owed by each party resulting from the share purchase by Mr. Blusson, and the purchase of the royalty interest by the Organization (i.e. a wash).
- As the legal owner of the royalty interest valued at \$31,300,000, the Organization then gifted the royalty interest to the Stewart & Marilyn Blusson Foundation on August 17, 2005, as reported in the Organization's T3010 for the year ending November 30, 2005.
- The Stewart & Marilyn Blusson Foundation and the Organization were related through a common director (Blake Bromley).