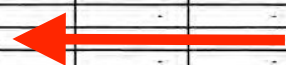


**A Purported “Gift” of
\$74 Million to
Fortius Foundation
from CHIMP
(2018)**

T1236-Supplementary Schedule

BN/Registration Number	Name of Organization	City	Province	Total Gift Amount	Associated?	Political Amount	Gifts in Kind Amount	Designated Gift Amount
830879532RR0001	Co:Here Foundation	Vancouver	BC	583.40	No	-	-	-
831058615RR0001	The Ottawa Mission Foundation	Ottawa	ON	500.00	No	-	-	-
83110473RR0001	Sajjadiyya Trust	New Westminster	BC	208,100.00	No	-	-	-
831191754RR0001	Hands In Poor Places Organization	Mississauga	ON	168.47	No	-	-	-
831268354RR0001	Projet De La Realité Climatique Canada	Montreal	QC	42,430.25	No	-	-	-
831334453RR0001	Emmaus Anglican Church	Montreal	QC	-	No	-	-	-
831444310RR0001	Majengo Canada	Toronto	ON	850.50	No	-	-	-
831489679RR0001	Fondation De L'École La Mennais De Montré	Montreal	QC	29.65	No	-	-	-
831567623RR0001	The Hadassah House Society	Murphy Lake	NS	486.00	No	-	-	-
831577283RR0001	Fondation Air Canada / Air Canada Foundat	Dorval	QC	4.96	No	-	-	-
831590666RR0001	Humanitarian Coalition	Ottawa	ON	106.92	No	-	-	-
831740634RR0001	York Region Children's Fund	Newmarket	ON	300.00	No	-	-	-
831785720RR0001	ANSO Collectives & Education Support Soci	Grande Prairie	AB	48.60	No	-	-	-
831817200RR0001	Moms Canada	Spruce Grove	AB	594.42	No	-	-	-
831828124RR0001	Warren Peace Bunny Sanctuary	North Vancouver	BC	5,195.34	No	-	-	-
831974829RR0001	Five Oaks Shared Ministry	Naicam	SK	194.40	No	-	-	-
832038228RR0001	Fondation Semafo / Semafo Foundation	Ville St-Laurent	QC	50.00	No	-	-	-
832200422RR0001	Pain Bc Society	Vancouver	BC	3,283.01	No	-	-	-
832221907RR0001	Silver Dollar Foundation/Fondation Dollar	Montreal	QC	97.20	No	-	-	-
832241608RR0001	Vanchorverve Foundation	Vancouver	BC	20,791,405.39	No	-	-	20,791,405.39
832296602RR0001	Canadian Roots Exchange	Toronto	ON	6,388.77	No	-	-	-
832309892RR0001	The Michael J. Fox Fdtn For Parkinson's R	Toronto	ON	728.44	No	-	-	-
832348247RR0001	Penticton And Area Access Society	Penticton	BC	9.91	No	-	-	-
832411094RR0001	Generation Rising	Winnipeg	MB	10.00	No	-	-	-
832467153RR0001	Orkidstra - Sistema Ottawa	Ottawa	ON	400.00	No	-	-	-
832477939RR0001	Saturna Island Marine Research And Educat	Saturna Island	BC	48.60	No	-	-	-
832615876RR0001	Gospel Operation Int'l For Chinese Chri	Toronto	ON	97.20	No	-	-	-
832625388RR0001	Rxart Canada	North Vancouver	BC	4.86	No	-	-	-
832848238RR0001	Vancouver Opera Foundation	Vancouver	BC	145.80	No	-	-	-
832858377RR0001	Hope Blooms Youth Social Entrepreneurial	Halifax	NS	38.88	No	-	-	-
832905665RR0001	Wicha Music Foundation	Montreal	QC	247.86	No	-	-	-
833095045RR0001	The Shoebox Project For Shelters	Toronto	ON	100.00	No	-	-	-
833132608RR0001	Roblin & District Health Care Auxiliary	Roblin	MB	145.80	No	-	-	-
833175433RR0001	Gajang Buddhist Center	Toronto	ON	137.76	No	-	-	-
833179369RR0001	The Princess Auto Foundation Inc.	Winnipeg	MB	48.60	No	-	-	-
833252554RR0001	Coronation/Consort Victim Services Societ	Coronation	AB	48.60	No	-	-	-
833288566RR0001	Canadian Communities 4 Africa Hope Societ	Bella Coola	BC	194.40	No	-	-	-
833358443RR0001	Viva Voce Charitable Foundation	North Vancouver	BC	8,610,541.00	No	-	-	-
833497209RR0001	Rainbow Refugee Society	Vancouver	BC	195.60	No	-	-	-
833539273RR0001	Parkinson Society Maritime Region	Halifax	NS	136.08	No	-	-	-
833629652RR0001	Gilles Boudreau & Friends Cancer Help Fu	Wellington	ON	24.30	No	-	-	-
833634678RR0001	Action Against Hunger ACF (Canada)	Toronto	ON	486.00	No	-	-	-
833678840RR0001	Place2give Foundation	Calgary	AB	23,960.16	No	-	-	-
833692726RR0001	Hope Springs Eternal Foundation	Vancouver	BC	200,000.00	No	-	-	-
833791320RR0001	Squamish Helping Hands Society	Squamish	BC	197.20	No	-	-	-
833805906RR0001	Resist Exploitation, Embrace Dignity Soc	Vancouver	BC	20,106.22	No	-	-	-
834036535RR0001	Malachi Dads Ministry Canada Inc.	Edmonton	AB	48.60	No	-	-	-
834075848RR0001	Educate Orphans Nepal Charitable Trust	Calgary	AB	500.00	No	-	-	-
834113144RR0001	Cowichan Valley Basket Society	Duncan	BC	39.44	No	-	-	-
834216038RR0001	Centre Communautaire Chabad De Saint Laza	St Lazare	QC	349.92	No	-	-	-
834394108RR0001	Ladies Learning Code Inc.	North Vancouver	BC	2,189.81	No	-	-	-
834522435RR0001	Soup's On Inc.	Steinbach	MB	2,187.00	No	-	-	-
834626673RR0001	Water Project For Haiti	Vernon	BC	4.96	No	-	-	-
834646341RR0001	International Christian Mission Services	Abbotsford	BC	145.80	No	-	-	-
834653073RR0001	ABBA Canada Foundation	Langley	BC	60,000.00	No	-	-	-
834713000RR0001	The Noble Hearts Foundation	Toronto	ON	243.00	No	-	-	-
834775967RR0001	The Against Malaria Foundation (Canada)	Toronto	ON	215,805.57	No	-	-	-
835004557RR0001	Inner Hope Youth Ministries Society	Vancouver	BC	5,350.85	No	-	-	-
835040973RR0001	Street Help Homeless Centre Of Windsor	Windsor	ON	486.00	No	-	-	-
83513891RR0001	Rexton Area Health Care Foundation Inc.	Rexton	NB	48.60	No	-	-	-
835434739RR0001	Saint Benedict's Table	Winnipeg	MB	7,610.76	No	-	-	-
83554817RR0001	Saint James Music Academy	Vancouver	BC	25,150.36	No	-	-	-
83559824RR0001	Ontario Shores Foundation For Mental Heal	Whitby	ON	1,000.00	No	-	-	-
835734583RR0001	Friends Of Animal Justice Canada	Toronto	ON	48.00	No	-	-	-
835780958RR0001	Fortius Foundation	Burnaby	BC	74,711,535.76	No	-	-	-
835857525RR0001	A Better Life Dog Rescue Society (ABLDR)	Surrey	AB	29.90	No	-	-	-
835895475RR0001	imagine1day	Vancouver	BC	12.00	No	-	-	-
836010421RR0001	The Rosalin Nickerson "Care" Fund Society	Barrington Passage	NS	48.60	No	-	-	-
836126060RR0001	Bladder Cancer Canada	North York	ON	690.00	No	-	-	-
836401349RR0001	Fondation De La Maison De Soins Palliatif	Hudson	QC	48.60	No	-	-	-
836468363RR0001	Innovation Workshop	Vancouver	BC	51,555.20	No	-	-	-
836551911RR0001	Mission Aid Brazil Society	Surrey	BC	155.52	No	-	-	-
836611244RR0001	BHN Indian Children's Development Society	Surrey	BC	199.30	No	-	-	-



ITR Appendix A
Homestead on the Hill Foundation
BN 809309479RR0001

Based on the Canada Revenue Agency's (CRA) audit of Homestead on the Hill Foundation (the Foundation) and all of the documentation presented to us, it remains our position that our audit findings demonstrate a number of serious contraventions of the Income Tax Act (the Act), of the common law applicable to registered charities, and that each of these contraventions constitutes grounds for revocation.

We have reviewed your representations dated June 13, 2019, submitted on your behalf by your representative, [REDACTED]. However, this reply has not alleviated our concerns. The audit conducted by the CRA for the period from November 1, 2015 to October 31, 2017, identified concerns that the Foundation was not operating in compliance with the provisions of the Act in the following areas:

1. Failed to devote resources to a charitable activity carried on by the Foundation itself
2. Provided an undue benefit to a person
3. Failed to meet the disbursement quota

As described in the balance of this appendix, and in our previous letter dated May 14, 2019, the Foundation has failed to remain compliant with, and is in serious breach of, the requirements for continued registration under the Act. As a result, its registration should be revoked.

1. Failure to Devote Resources to a Charitable Activity Carried on by the Foundation Itself

In your letter of June 13, 2019, you stated that "before moving to revocation...it would be reasonable to first review the Foundation's activity to date". As a result, we have included the activity in the 2018 fiscal period in our analysis of the Foundation's activities and provide our comments below.

a) Lack of gifting to qualified donees

In our letter of May 14, 2019, we identified our concern that the Foundation was not conducting activities in support of its registered charitable purpose of gifting to qualified donees. In your letter of June 13, 2019, the Foundation stated that in its 2018 fiscal period, it gifted \$9.5 million cash to qualified donees and this represented a devotion of resources in support of a charitable purpose. Documentation was further provided by the Foundation on August 23, 2019, to support this transaction. Our review of said documentation revealed that the purported gifts to qualified donees actually totalled \$3.7 million and not \$9.5 million as stated in your previous letter.

In an attempt to ensure administrative fairness, we reviewed this purported gift made by the Foundation to CHIMP: Charitable Impact Foundation (Canada) (CHIMP) in detail and evaluated the relationships between the Foundation, CHIMP, and the entities from which the Foundation received gifts. Our review indicates that a non-arm's length relationship exists between the Foundation, Mr. Blake Bromley, CHIMP, the Almoner Foundation (Almoner), and the Howe Sound's-Samaritan Foundation (HSSF).

Mr. Bromley, either on his own authority [REDACTED] or as part of a controlling group, appointed during the audit period the boards of directors for the Foundation, HSSF, Almoner and CHIMP. As a result, for the years under audit, in the case of three out of the four organizations (all but CHIMP), the boards of directors were comprised of Mr. Bromley and/or employees of [REDACTED].

Our review also revealed that the purported gift made to CHIMP, as outlined above, was made possible by a gift made to the Foundation by Fortius². The purported gift to CHIMP did not stay in CHIMP's control but rather was returned to Fortius, and as such, these funds only passed through the Foundation briefly. Based on this information, we conclude that CHIMP was not acting at arm's length with the Foundation but, along with the Foundation, was accommodating Fortius when it participated in these transactions. We are also of the opinion that the gift made by the Foundation to CHIMP for the 2018 fiscal period was not a gift made to a qualified donee in support of its charitable activities but was rather a series of predetermined transactions used to artificially inflate tax benefits for certain corporations and/or individuals and to allow other charitable entities to falsely meet its disbursement quota so that they may avoid revocation.

We would like to reiterate that making gifts to qualified donees is the Foundation's only stated purpose. As outlined above, our findings indicate that the Foundation has failed to disburse any significant amounts to qualified donees during the audit period, and that the purported gift made in the 2018 fiscal period was not in compliance with the Act. Therefore, it remains our position that the Foundation has failed to make gifts to qualified donees or expend amounts on charitable activities in support of its registered purposes and is in contravention of paragraph 149.1(3)(b.1) of the Act. As such, there are sufficient grounds to revoke the registration of the Foundation under paragraph 168(1)(b) of the Act.

b) Administrative expenses/legal fees

As described in our letter dated May 14, 2019, the Foundation has failed to demonstrate how it has devoted its resources to a charitable purpose. Specifically, the audit determined that the Foundation's only material expenditure in the audit period was for legal costs that were determined to be unrelated to the administration, charitable purpose, or the benefit of the Foundation. In your letter of June 13, 2019, the Foundation stated that these legal fees are not material in comparison to the total assets held by the Foundation. We respectfully disagree and maintain that the reported legal fees are a relevant consideration. They remain as the only significant expenditure in the audit period and must be considered when evaluating the total resources of the Foundation and how they were used. In order to maintain its registration as a charity, the Foundation must devote all of its resources to charitable activities.

Based on the information and explanations provided during our audit, we remain of the view that the legal fees are neither charitable nor reasonable, and have not been laid out for the administration of the Foundation.

It is our position that the Foundation has made outlays (in the form of legal fees) that are neither a gift to a qualified donee, nor a cost laid out in a charitable activity. As such, the Foundation has

² "Fortius" represents a conglomerate known as [REDACTED] which is made up of two organizations: [REDACTED] and the Fortius Foundation.

failed to make gifts to qualified donees or expend amounts on charitable activities in support of its registered purposes and is in contravention of subsection 149.1(3)(b.1) of the Act. We believe there are sufficient grounds to revoke the registration of the Foundation under paragraph 168(1)(b) of the Act.

2. Providing an undue benefit to a person

The Foundation's letter of June 13, 2019, stated that the legal fees in question were an administrative expense to enhance the Foundation's financial capacity and ability to carry out its charitable purposes of making gifts to qualified donees. In its view, the intent of the proposal for which the legal fees were paid was to increase the value and cash flow of the Archon shares to the Foundation. The Foundation has cash flow considerations that do not apply to the other shareholders of Archon due to its disbursement quota requirements as a public foundation. The Foundation further stated that it holds enough Archon shares to benefit significantly economically from the proposal, which would increase the value of the shares.

While the Foundation may have unique cash flow considerations relative to other Archon shareholders, it still remains a minor (4%³) shareholder. We do not agree with your statement "the Foundation was a significant shareholder and would have been the real beneficiary". Based on our review of the publically available information regarding Archon, the Foundation is a minor shareholder and not the primary beneficiary. **It is unclear how the Foundation made a reasoned and logical business decision regarding the contracting and payment of these legal costs.** There was insufficient supporting documentation provided both during the audit and in your representations which outlined the details of the proposal, provided an explanation of how the Foundation identified and measured the costs and potential benefits of the proposal, or outlined how the Foundation evaluated the reasonableness of the fees charged. Further, we have seen no indication that the Foundation was negotiating any unique advantages for itself, compared to all other shareholders; in fact, there were documents that indicated the contrary. As per the fax of April 20, 2019, **the proposal's intent was to benefit all shareholders of Archon.** **Therefore we conclude that these legal fees are neither charitable, nor reasonable, and have not been laid out for the administration of the Foundation.** As a non-charitable expenditure, this disbursement is considered a gift to a non-qualified donee.

As a public foundation, the Foundation must meet the definition contained in subsection 149.1(1) of the Act, which reads in part:

"...a corporation or trust that is constituted and operated exclusively for charitable purposes..."

We have found that the Foundation did not operate for its stated charitable purposes, as contemplated by the Act. Instead, the Foundation failed to distribute funds it received from non-arm's length entities, and made outlays that are neither a gift to a qualified donee, or a cost laid out in a charitable activity.

As such, the Foundation has failed to make gifts to qualified donees or expend amounts on charitable activities in support of its registered purposes and is in contravention of subsection

³ The Organization owns 2,400,000 shares out of a total of 53,916,758 issued and fully paid shares, or 4%.

149.1(3)(b.1) of the Act. We believe there are sufficient grounds to revoke the registration of the Foundation under paragraph 168(1)(b) of the Act.

3. Failure to meet the disbursement quota

In your letter dated June 13, 2019, your representative stated that, as was reported on the 2018 T3010 filed with CRA, the Foundation had made a gift to CHIMP for \$3.7 million. Your representative argues that this amount should be considered as a qualifying gift to a qualified donee, and therefore, the Foundation would alleviate their disbursement quota shortfall identified during our audit after carrying this excess amount back to a previous year. It is important to note that the 2018 return was received by the CRA on May 14, 2019, which was after our audit interview when the auditor expressed her concerns with the disbursement quota to the Foundation.

The disbursement quota is the minimum amount that a registered charity is required to spend each year on its charitable activities, or on gifts to qualified donees (for example, other registered charities). The disbursement quota calculation is based on the value of an organization's property not used for charitable activities or administration. A registered charity can draw on disbursement excesses from the five previous fiscal periods to help it meet a shortfall. If no excesses are available to draw on, the charity can try to spend enough the following year to create an excess that it can carry-back to cover the shortfall.

The requirement for the Foundation to meet a disbursement quota is described in subsection 149.1(3)(b) of the Act and is operative for each and every taxation year. Per subsection 149.1(20), if an organization has a disbursement quota excess it may carry it back to the immediately preceding taxation year. In the case of the Foundation's 2018 fiscal period, if it did have a disbursement excess, it could only be carried back to 2017. Therefore, a disbursement quota shortfall in 2016 would remain.

However, as we have noted earlier in this appendix, it is the CRA's position that the \$3.7 million which was paid by the Foundation to CHIMP is not considered a qualifying gift to a qualified donee for disbursement quota purposes as it was not made at arm's length. We are of the opinion that it is not a true gift, but part of a series of predetermined transactions used to artificially inflate tax benefits for certain corporations and/or individuals and to allow other charitable entities to falsely meet their disbursement quota so that they may avoid revocation. As such, the amount is not eligible to be carried back to a previous period to alleviate the Foundation's cumulative disbursement shortfall of \$2.9 million.

As a result, it remains our position that the Foundation has failed to comply with the disbursement quota requirements contained in the Act. Pursuant to subsection 149.1(3)(b) this is cause for the Foundation to be revoked in the manner described in paragraph 168(1) of the Act.

Conclusion

As explained above, the documents submitted by the Foundation on June 13, 2019, and August 23, 2019, failed to adequately address all of the issues raised and identified in our letter of May 14, 2019. The Foundation has not provided documentation or materials in support of all of its positions, and the information that we have received has not alleviated our concerns

regarding the Foundation's charitable status. Due to the serious nature of our concerns with the Foundation's activities, we cannot agree with your June 13, 2019, letter that "your concerns can all be addressed by **an education letter or compliance agreement.**"

For the reasons outlined in our letter of May 14, 2019, and above, it is the CRA's position that the Foundation has failed to meet the requirements for registration as a public foundation as outlined in subsection 149.1(3) of the Act and therefore should have its charitable status revoked pursuant to 168(1) of the Act.