

January 6, 2021

To: Scott Cousens, Founder & Chairman
FORTIUS SPORT AND HEALTH

John Bromley, Founder & CEO
Charitable Impact Foundation ("CHIMP")

RE: \$106 Million in Gifts for Fortius Sport & Health Centre

The City of Burnaby announced on December 15, 2020 that it will pay \$26.6 million to Fortius Foundation ("Fortius") in order to purchase Fortius Sport & Health Centre.¹ Given that this is a significant expenditure of taxpayers' money, I am writing to inquire about the financing of the sports centre and the proposed sale.

My over-arching questions are these: Given that the assessed value of the sport centre is \$15.7 million and that tax-receipted donations and charitable gifts specifically for the construction of the sports centre were made a total of \$106 million (2008-2019), why did Fortius need more than \$50 million in loans? And why did Fortius incur nearly \$38 million in interest and loan fees?

Tax returns show that the \$106 million gifted to Fortius included a single gift of \$74.4 million from Charitable Impact Foundation ("CHIMP") just two years ago. To the best of my knowledge, that was the single largest charitable gift in the history of B.C.

For over a year, I have been asking questions about the gift of \$74.7 million that Fortius received from CHIMP. Mr. Walter Pecora has replied but did not answer any of my questions.

Fortius has long said that it began with a donation of \$23 million from Scott Cousens. However, financial statements and tax returns tell a different story. According to these records, Fortius Sport & Health Centre began with a loan for \$17.1 million, not a gift of \$23 million. The total amount of gifts to Fortius from the private foundation of Scott Cousens, is \$130,000, not \$23 million, tax returns show (attached).

My guess is that what may have happened is this: Scott Cousens had a dream to build a big, spectacular sports centre but for whatever reason, he wasn't prepared to pay for it out of his own funds. So instead of making a true donation of \$23 million, he became the front man of an elaborate scheme that involved loans, not true gifts. Furthermore, the actual money that was used to pay for the construction of building the sports centre came from lenders, not donors. And now, those lenders want their money back. Thus, the real reason that Fortius Sports Centre is being sold isn't COVID; its that Fortius Foundation needs to cash out so it can pay back its secret lenders.

If my analysis is correct then writ large, Fortius has engaged in a massive tax fraud scam whereby tax-receipted donations have been reported for donations that never existed. One of these bogus “donations” is the original, tax-receipted \$17,885,500 that was reportedly gifted to New Dimensions Foundation (“New Dimensions”) back in 2008 and 2009. As we now know, that wasn’t gifted to Fortius Foundation. Instead, Fortius got a loan for \$17.1 million. If that tax-receipted donation had been given to Fortius as a gift, Fortius Foundation would not have needed the loan of \$20 million at 10.25% interest from Romspen Investment Corp.

The following pages present my questions and the information and analysis upon which they are based. If I have presented anything that is factually incorrect or if I have missed any important points, please let me know. If I do not hear from you by the end of this week, I will assume that you do not dispute anything that I have stated here.

In advance, thank you for taking time to consider this letter and reply.

Sincerely,
Vivian

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Attachments:

- Fortius Sport Health Centre & The Bromley Charities (xx pages)

Appendices:

1. Assessed Value of Fortius Sport & Health Centre: \$15.7 Million
2. Tax-Receipted Donations & Gifts From The Bromley Charities: \$106 Million
3. Correspondence With Fortius Foundation RE: Gift of \$74.4 Million (January, 2020)
4. Loans to Fortius Foundation
5. Fortius Foundation Disbursements for \$73.5 Million: (2008-2019)
6. Imladris Foundation Revenue from Interest: \$9.6 Million
7. Road-tripping: Gifts Between 20 Bromley Charities (2015-2019)
8. Chimping: 2,000 Charities That Received Gifts From Charitable Impact Foundation For \$19 Or Less (2011-2018)
9. Imladris Foundation Gifts to Qualified Donees (2010-2019): \$37 Million

QUESTIONS

The information attached gives rise to the following questions:

A. Gifts to Fortius Foundation

According to financial statements, Fortius Foundation received a total of \$80 million as gifts from other registered charities. Of that, 99.9 percent came from registered charities run by Blake Bromley and his former employees/associates ("The Bromley Charities") (**Table 1**). Only \$67,500 has been identified as gifts to Fortius Foundation from charities that are not among the Bromley Charities. This suggests that Fortius Foundation was not engaged with the broad community of charitable donors. Instead, the funding of Fortius Foundation has been done almost entirely by The Bromley Charities alone.

Given that Fortius has been in financial difficulties since it began, why did it not raise funds from other charities? Why did Fortius Foundation operate in such isolation?

B. The \$17,885,500 Tax-Receipted Donation to New Dimensions Foundation

1. Who was the donor of the original donation to New Dimensions Foundation? What was Scott Cousens? What was the non-cash property that was donated? Was it shares? If so, shares of what company? Who got the tax relief for this very large donation?
2. Why was the original donation for the Fortius Sport & Health Centre made to New Dimensions Foundation and not directly to Fortius Foundation?
3. New Dimension Foundation made a loan to Fortius Foundation for \$17.1 million (2008). Was that loan ever actually drawn upon? Put plainly, was that loan real or just on paper?

C. The \$74.7 Million Gift from CHIMP Foundation

1. Why was the gift of \$74.7 million to Fortius Foundation made *indirectly* via CHIMP Foundation rather than directly to Fortius Foundation?
2. Who is the individual or organization who made possible the \$74.4 million gift to Fortius Foundation via CHIMP? Was there actually a donor? Or was the \$74.7 million "gift" merely a re-arrangement of loans?
3. Of the \$87 million that CHIMP reported in 2018 as tax-receipted donations, how much, if any, is accounted for by the \$74.7 million gift to Fortius Foundation? Put another way, did the \$74 million gift to Fortius originate as a tax-receipted donation to CHIMP?
4. In its 2018 annual report, CHIMP suggests that it refinanced of Fortius's debt (\$74,510,000) such that, "the funds could be accounted for as a gift?" How was this done?

D. Loans from Unidentified Lenders

According to financial statements for 2019, Fortius Foundation currently has a mortgage for **\$16 million**. To whom is this owed? These financial statements also indicate that Fortius Foundation owes **\$4,132,636** to a director of Fortius Foundation. Who is that director?

E. Imladris Foundation (Scott Cousens)

1. Imladris Foundation ("Imadris") has only one main source of revenue: loan and interest payments from Fortius Foundation. Imladris gave gifts for a total of \$37 million. Of that, nearly \$30 million was gifted to CHIMP Foundation. Why did Imladris give that \$30 million to CHIMP rather than to Fortius? Of the \$37 million, \$6.6 million went to four Bromley Charities as follows:

- o Real Champions Foundation: \$2.1 million (2013)
- o Glen Lamond Foundation: \$1.43 million (2013)
- o 4 What Matters Foundation: \$1 million (2013)
- o Delicate Balance Foundation: \$2 million (2016)

Why did Imladris Foundation fund these Bromley Charities rather than Fortius Foundation?

Surely the \$6.6 million could have been put to good use by the sports centre, especially between 2013 and 2016. During those years, Fortius's total liabilities rose from \$71 million to \$86 million. Net assets went from -\$12 million to -\$36 million.

Given the dire financial circumstances of Fortius Foundation in 2016, why did Imladris Foundation give \$2 million to Delicate Balance Foundation rather than to Fortius Foundation?

2. Why did Imladris Foundation charge Fortius Foundation \$9.6 million in interest? Both charities are run by Scott Cousens. If his goal was to fund Fortius Sport & Health Centre, why was the initial interest rate set at 20%? If the goal of these charities truly is to support the sports centre then why not donate the \$9.6 million interest to the sports centre?

F. Loans from The Bromley Charities

In addition to New Dimensions and Imladris Foundation, Fortius Foundation took loans from at least five Bromley Charities, as follows:

- o Global Charity Fund: \$4 million (2012-201?)
- o Homestead on the Hill Foundation: \$4 million (2012-2017)
- o Foundation For Public Good: \$12.1 million (2015-2017)
- o Almoner Foundation: \$15 million (2015-2017)
- o Association for the Advancement of Scholarship: \$600,000 (2015-2017)

1. What is the origin of the funds that the above-listed charities loaned to Fortius Foundation?
2. Why were these loans made through so many different Bromley Charities rather than consolidated through only one?
3. Why did Fortius Foundation borrow \$12 million from Foundation For Public Good between 2015 and 2017? The sports centre opened in 2013, so by the time Fortius Foundation began taking loans from Foundation For Public Good, the centre was already built and operating. Why then did Fortius Foundation need to borrow \$600,000 in 2015, a further \$7 million in 2016 and a further \$2,975,000 in 2017? For what purpose were these funds used?

G. \$30 Million Paid by CHIMP Foundation to Chimp Technology Inc.

CHIMP Foundation has paid \$30 million to Chimp Technology Inc., a private company run by John Bromley (**Table 14**). In 2018, CHIMP Foundation dramatically increased the fees paid to CHIMP Technology Inc. to \$12.7 million, up from \$3.5 million the previous year.

The 2018 Annual Report for CHIMP Foundation states, “the increase is primarily attributable to the increase in services delivered, which are the basis for how the technology and human resource service fees are calculated pursuant to a Service Provider Agreement between the (CHIMP) Foundation and CHIMP Technology Inc.”²

In 2018, the single largest component of the financial activity of CHIMP Foundation was the re-arrangement of Fortius Foundation’s loans, culminating in the “gift” of \$74.7 million from CHIMP Foundation to Fortius Foundation. It is therefore reasonable to inquire as to whether the unusually large gift of \$74.7 million to Fortius Foundation was a factor in the unusually high fees paid by CHIMP Foundation to Chimp Technology Inc. in 2018.

1. To what extent, if any, was the dramatic increase in fees paid to CHIMP Technology Inc. in 2018 in relation to the refinancing by CHIMP Foundation of Fortius Foundation’s loans and the CHIMP’s gift of \$74.7 million to Fortius?
2. What is the origin of the \$30.4 million paid to CHIMP Technology Inc.? Did any of the \$30.4 million paid from CHIMP Foundation to Chimp Technology Inc. originate from Fortius Foundation or Imladris Foundation?

H. Fees Paid to The Bromley Charities

Fortius Foundation and the seven Bromley Charities that made loans to Fortius Foundation have paid a total of \$12.2 million in fees since 2007 (**Table 15**). The \$12.2 million included a Commission of \$3,000,000 paid by the Association for the Advancement of Scholarship in 2014.

1. What percentage of the \$12.2 million, if any, was paid in relation to the handling of loans to Fortius Foundation? If so, to whom were these fees paid?
2. Was the \$3 million Commission paid in relation to Fortius Foundation?

¹ City of Burnaby Press Release. December 15, 2020. https://www.burnaby.ca/About-Burnaby/News-and-Media/Newsroom/City-of-Burnaby-Signs-Purchase-Agreement-for-Fortius-Sport--Health-Property_s2_p7549.html

² 2018 Annual Report for Charitable Impact Foundation. Page 33. http://s3.amazonaws.com/chimp-brand-assets/financial/ChimpFoundation_AuditedFinancialStatements_2018.pdf