



Canada Revenue Agency  
Agence du revenu du Canada

REGISTERED MAIL

Prescient Foundation  
Suite 1555 – 1500 West Georgia Street  
Vancouver BC V6G 2Z6

MAY 10 2010

BN: 855802708 RR0001  
File #: 3026623

Attention: Mr. Blake Bromley, Director

**Subject:      Response to Query Letter**  
**Prescient Foundation**

Dear Mr. Bromley:

I am writing further to your letter of April 9, 2010 whereby Prescient Foundation (the Organization) has requested clarification to areas of non-compliance identified by the Canada Revenue Agency (CRA) in our letters of January 21, 2009 and March 18, 2010.

We have reviewed and considered your letter (copy enclosed); however, it remains our position that the Organization has primarily operated for the purpose of promoting a private tax planning scheme. We do not concur with the Organization's submission that the shares of Vision Poultry Ltd. (Vision) became valueless as a result of gifting Vision's assets to another registered charity participating in the tax planning scheme. Per our March 18, 2010 letter, the de-valuation of the shares was pre-planned and the Organization's role in the tax planning scheme was one which violates its mandate to operate exclusively for charitable purposes. Our characterization of the transactions pertains solely to the Organization and its registered status under the *Income Tax Act* (the Act). The characterization of the transactions may differ for each taxpayer involved in the scheme as each taxpayer has different obligations under the Act. Section 241 of the Act prevents us from discussing the affairs of another taxpayer with anyone who is not an authorized representative of that taxpayer.

Our letter of March 18, 2010 outlines our position with respect to the *Canada-US Tax Convention* (the Treaty) and our application of the Treaty. The CRA's longstanding position, as expressed in the Registered Charity Newsletter Special Release of Autumn 1996 and confirmed in Technical Interpretations 9428085 and 9728355, is that the Treaty does not deem US charities to be registered charities for the purposes of the Act such that the US charity could be considered a "qualified donee". In our view, the legal and policy arguments raised in your submissions of February 18, 2009 and July 16, 2009 are addressed in the aforementioned Registered Charity Newsletter and Technical Interpretations. Accordingly, it remains our position that the Organization has made a gift to a non-qualified donee other than in accordance with the Act and in violation of its mandate that it operate for exclusively

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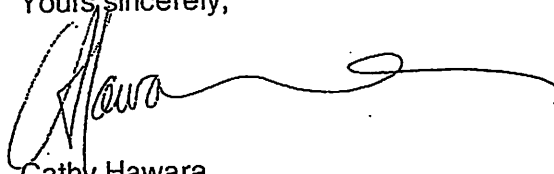
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charitable purposes. For this reason, there may be grounds for revocation of Prescient Foundation's charitable registration under paragraph 168(1)(d) of the Act.

I trust the foregoing fully explains our position. We will permit an extension until May 21, 2010 to respond to our March 18, 2010 letter.

Yours sincerely,



Cathy Hawara  
A/Director General  
Charities Directorate

Attachments:

- Your letter dated April 9, 2010

cc: Jeanne Effler  
CRA Auditor  
Victoria TSO

Sherry Cox, Director  
52-1601 Comox Street  
Vancouver BC V6P 1G4

Christopher Richardson  
2792 West 15<sup>th</sup> Avenue  
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