PROFITABLE GIVING CANADA

A Not for Profit Organization

PGC ALERT: A14-011
October 3, 2014
Rev 1.0

SUBJECT: Beware of Events Coming.

This ALERT pertains to the following Registered Profitable Gifting Arrangements as well as the Canada Revenue Agency (CRA):

Canadian Organization for International Philanthropy (COIP)
Relief Lending Group (RLG)
Mission Life Financial (MLF)
PharmaGifts International (PGI)

Related Companies:
Integrated Receivables Management Inc (IRMI)
Integrated RM Inc. (IRM)

The ALERT

There seems to have been a period of quiet and inactivity from the above RPGAs. The CRA has also not been very active with their audits and reassessments over the summer. PGC, however, is of the opinion that a new round of actions is imminent and Members should be prepared. Here are some of the things we expect to happen this fall.

1. A new round of collection activities for your donation debts. Now that IRM is actually a licensed collection agency, this could result in serious financial or credit rating damage if ignored. PGC has some evidence actions are starting up again.

2. The CRA will be issuing Notices of Assessment for the 2012 tax year and will deny all of the donations and refunds.

3. Reassessments will be coming out from CRA for earlier tax years, up to and including 2011. Repayment of refunds with interest will be demanded.

PGC Analysis and Recommendation

To assist Members in their planning for these events, PGC has prepared the following recommendations:

1. The best approach to avoiding the collection activities is to settle the debt ahead of time with the RPGA involved. It is critical to **NOT SETTLE DIRECTLY WITH THE RPGA**, but to settle the debt independently. Your donation debt must be settled at arm's length from the lender in order to maintain a valid claim to your tax credits. The only known program to accomplish this is the Justice Pharma program. Please refer to the Alert A14-10 for details pertaining to Integrated RM Inc.

2. PGC has prepared a legal strategy for obtaining the 2012 refunds for its Members. It will involve significant paperwork and patience, but we are confident we will be successful. Details of the strategy and complete instructions are/will be posted in the Members Section of the PGC website.

3. PGC will assit Members with the proper procedures to follow for filing Notices of Objection to any reassessments for the above programs. We will also assist with other programs as required. Instructions will be contained in the Members Section of the PGC website.

<u>One Last Recommendation.</u>

A top priority for PGC is to assist Members to maintain their valid tax credits. This can only be done by following the law related to the financing of donations, the fundamental process used by the above RPGA programs. The loan must be a full recourse loan and must be settled at arm's length, if less than full face value. Donors must treat the loan as a real loan. In order to retain the full recourse status, the loan must be kept in good standing until it is settled. Since PGC does not recommend sending any further money to any of the above mentioned companies, it is recommended to make sure the debt is settled <u>before</u> the interest you paid originally has run out. That is typically 4 years from the date of your participation. Presently, the only known way to accomplish this is through the Justice Pharma program. Since the Justice program takes several months to order and obtain the necessary pharmaceuticals, donors need to start the process well in advance of their interest running out. It is also not a bad strategy to settle very early and demand a refund of the interest you paid but not yet accrued.