Canada Revenue Agency | Agence du revenu du Canada

February 3, 2022

Cornerstone Christian School Inc.
Attention: Wendy Johner
43 Iroquois Street E
Moose Jaw SK S6H 4S9

Dear Wendy Johner:

Subject: Audit of your Canadian Emergency Wage Subsidy claims
Business number 89397 0970 RR0001
For claim periods March 15, 2020 to October 23, 2021
Payroll program account number 89397 0970 RP0001
Case number 14639441

The audit of Cornerstone Christian School Inc., claims for the Canada Emergency Wage Subsidy (CEWS) in respect of all claims filed for the periods, as listed in Appendix A, between March 15, 2020 and October 23, 2021 is now complete.

As a result, we propose to make changes to these claims as outlined in the attached Appendix A - Summary of Proposed Changes to Your CEWS Application for reasons outlined in the attached Appendix B.

Please note, that we have revised the audit period ending from February 13, 2021 to October 23, 2021, to reflect our audit findings.

We will delay assessing the above proposed audit adjustments until 30 days from the date of this letter to provide you with an opportunity to make written representations regarding these adjustments, if you choose to do so. If you make any written representations, please include any relevant documentation to support your position.

You have the option of sending your representations through the **Submit documents** service which is located in Represent a Client (RAC) and My Business Account (MyBA). **Submit documents** is a secure online service that allows taxpayers to electronically send their accounting information to the CRA.

Please note that you will need to enter the case number noted on the subject line of this letter in order for your transmission to be successful. If you choose to submit the information electronically, please reference 14639441.

For additional information, please go to **canada.ca/cra-submit-documents-online.**

If we do not receive a reply from you within 30 days from the date of this letter, we will proceed with processing the proposed audit adjustments to Cornerstone Christian School Inc.'s CEWS claims as outlined in this proposal letter. In such a case we will also send you a final letter outlining your recourse rights.

The scope of this audit was limited to Cornerstone Christian School Inc.'s claims for the periods shown above. Cornerstone Christian School Inc.'s registered charity information returns for the years in which these claims were made may be subject to further review.

Should you have any questions, please do not hesitate to contact me at 587-334-2182. My Team Leader, Francis Yu, may also be reached at 587-335-6904.

Sincerely,

Bronwyn MacKinnon

Bronwyn MacKinnon
Audit Division
Edmonton Tax Services Office

Attachments

Website: **canada.ca/revenue-agency**

Regulation 8701.1(8)

APPENDIX B

CEWS Proposed Audit Adjustments

Cornerstone Christian School Inc.
Business Number 89397097RR0001
Payroll Program Account Number 89397 0970 RP0001
Case Number 14639441

To qualify for the CEWS, an entity must first be a "qualifying entity" (125.7(2)) which is defined as an "eligible entity" in 125.7(1) as:

(a) a corporation or a trust, other than a corporation or a trust that is exempt from tax under this Part or is a public institution;
(b) an individual, other than a trust;
(c) a registered charity, other than a public institution;
(d) a person that is exempt from tax under this Part because of paragraph 149(1)(e), (j), (k) or (l), other than a public institution;
(c) a partnership, all of the members of which are described in this paragraph or any of paragraphs (a) to (d); or
(f) a prescribed organization.

As the Organization is a registered charity, it must be determined whether it meets the definition of a public institution which is contained in subsection 125.7(1) as:

(a) an organization described in any of paragraphs 149(1)(a) to (d.6); or
(b) a school, school board, hospital, health authority, public university or college.

Based on our review of the pertinent documents relating to the Organization and the information you provided to us during the audit process, it is our view that Cornerstone Christian School Inc. meets the definition of a public institution, as it is part of the Prairie South School Division #210 that is governed by the Saskatchewan Board of Education.

Our determination is based on the following:

A. The agreement between Cornerstone Christian School and the School Division shows that the Board of Education controls the majority of the Organization's operations as the school must follow the Saskatchewan accredited curriculum and all teaching staff are employees of the Board of Education. Funding provided to the school is for teachers' salaries, supervision, management and direction of teaching staff, curriculum leadership and support for teaching staff, and professional development opportunities for teaching staff.

B. The agreement further states that the teaching staff are employees of the Board of Education and governed by all policies, procedures and practices of the Board.

C. The Board of Education shares the responsibility for recruiting, selecting, and hiring teaching staff for the Associate School.

APPENDIX B

D. With respect to the Associate school operations, the school agrees to subscribe to the Goals of Education for Saskatchewan in accordance with Departmental Policy F.1.2, "Accredited Independent School: Goals of Education. It will to conform to provincial curriculum policy with respect to required areas of study, common essential learnings, locally determined options; and adaptive dimensions and to provide approved programs and courses of study, in accordance with Departmental Policies D.3. "Submitting Programs (Grades 1 to 9) for Approval" and F.1.3.

E. In the event of teacher redundancies the parties agree that in the case of a redundant teacher at the Associate School, the teacher could be placed in another school operated by the Board, and in the event of a redundant teacher at another school operated by the Board, the teacher could be placed in the Associate school.

The above points A to E, show that Cornerstone Christian School does not have direction and control over its teaching staff and most of its curriculum. The associate school must follow the accredited curriculum of Saskatchewan and is limited to controlling only the religious teachings, support staff, and transportation of the school. The majority of the school's operations revolves around teaching staff and the SK accredited curriculum. The school also doesn't have the authority to act on its own to hire its teaching staff and redundant staff of the school and other schools of the Board of Education can be moved around within the Prairie South School Division.

In order to receive funding from the Board of Education, the associate school is required to follow the practices and procedures of the Prairie South School Division, use the SK accredited curriculum, and allow its teachers to be employees of the Board of Education.

In conclusion, for the reasons above, the Organization is an ineligible entity for the purposes of the CEWS as it is a public institution. Accordingly, we are proposing to deny all of the CEWS claim amounts for the qualifying periods pursuant to subsections 125.7(1) and 125.7(2) of the Income Tax Act.

Appendix A

Summary of Proposed Changes to Your CEWS Application

Payroll Account Number: 89397 0970 RP0001

Qualifying period	2020-03-15 to 2020-04-11	2020-04-12 to 2020-05-09	2020-05-10 to 2020-06-06	2020-06-07 to 2020-07-04
Line A				
Changed from	19	19	19	19
Changed to	0	0	0	0
Line B				
Changed from	47716.43	44295.43	48875.68	45071.88
Changed to	0.00	0.00	0.00	0.00
Line C				
Changed from	35559.63	32659.28	36018.63	33592.03
Changed to	0.00	0.00	0.00	0.00
Line H				
Changed from	35559.63	32659.28	36018.63	33592.03
Changed to	0.00	0.00	0.00	0.00
Eligible amount	0.00	0.00	0.00	0.00

Qualifying period	2020-07-05 to 2020-08-01	2020-08-02 to 2020-08-29	2020-08-30 to 2020-09-26	2020-09-27 to 2020-10-24
Line A				
Changed from	19	9	20	20
Changed to	0	0	0	0
Line B				
Changed from	26418.68	27609.54	47857.11	48473.27
Changed to	0.00	0.00	0.00	0.00
Line C				
Changed from	18999.96	22448.32	23236.41	30648.87
Changed to	0.00	0.00	0.00	0.00
Line H				
Changed from	18999.96	22448.32	23236.41	30648.87
Changed to	0.00	0.00	0.00	0.00
Eligible amount	0.00	0.00	0.00	0.00

Line A, Number of eligible employees
Line AA, Number of eligible employees on leave with pay
Line B, Total eligible remuneration paid
Line C, Basic Canada Emergency Wage Subsidy
Line D, Employer's EI and QPIP premiums payable on salary paid to furloughed employees
Line E, Employer's CPP and QPP contributions payable on salary paid to furloughed employees
Line F, 10% Temporary Wage Subsidy for Employers reduction
Line G, Amounts received by eligible employees – ESDC's Work Sharing Benefit program
Line H, Canada Emergency Wage Subsidy (line C + line D + line E – line F – line G)

Qualifying period	2020-10-25 to 2020-11-21	2020-11-22 to 2020-12-19	2020-12-20 to 2021-01-16	2021-01-17 to 2021-02-13
Line A				
Changed from	20	19	19	21
Changed to	0	0	0	0
Line B				
Changed from	49288.50	49660.73	39778.31	49531.87
Changed to	0.00	0.00	0.00	0.00
Line C				
Changed from	2867.29	13013.01	3818.79	4787.32
Changed to	0.00	0.00	0.00	0.00
Line H				
Changed from	2867.29	13013.01	3818.79	4787.32
Changed to	0.00	0.00	0.00	0.00
Eligible amount	0.00	0.00	0.00	0.00

Qualifying period	2021-03-14 to 2021-04-10	2021-04-11 to 2021-05-08	2021-05-09 to 2021-06-05	2021-06-06 to 2021-07-03
Line A				
Changed from	19	19	20	19
Changed to	0	0	0	0
Line B				
Changed from	44594.38	49301.28	51602.20	48015.75
Changed to	0.00	0.00	0.00	0.00
Line C				
Changed from	4876.89	8887.14	9159.89	13135.25
Changed to	0.00	0.00	0.00	0.00
Line H				
Changed from	4876.89	8887.14	9159.89	13135.25
Changed to	0.00	0.00	0.00	0.00
Eligible amount	0.00	0.00	0.00	0.00

Line A, Number of eligible employees
Line AA, Number of eligible employees on leave with pay
Line B, Total eligible remuneration paid
Line C, Basic Canada Emergency Wage Subsidy
Line D, Employer's EI and QPIP premiums payable on salary paid to furloughed employees
Line E, Employer's CPP and QPP contributions payable on salary paid to furloughed employees
Line F, 10% Temporary Wage Subsidy for Employers reduction
Line G, Amounts received by eligible employees – ESDC's Work Sharing Benefit program
Line H, Canada Emergency Wage Subsidy (line C + line D + line E – line F – line G)

Qualifying period	2021-07-04 to 2021-07-31	2021-08-01 to 2021-08-28	2021-08-29 to 2021-09-25	2021-09-26 to 2021-10-23
Line A				
Changed from	19	19	19	20
Changed to	0	0	0	0
Line B				
Changed from	26905.83	28543.65	50715.46	48168.90
Changed to	0.00	0.00	0.00	0.00
Line C				
Changed from	15052.01	10689.80	18629.50	8689.73
Changed to	0.00	0.00	0.00	0.00
Line H				
Changed from	15052.01	10689.80	18629.50	8689.73
Changed to	0.00	0.00	0.00	0.00
Eligible amount	0.00	0.00	0.00	0.00

Line A, Number of eligible employees
Line AA, Number of eligible employees on leave with pay
Line B, Total eligible remuneration paid
Line C, Basic Canada Emergency Wage Subsidy
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