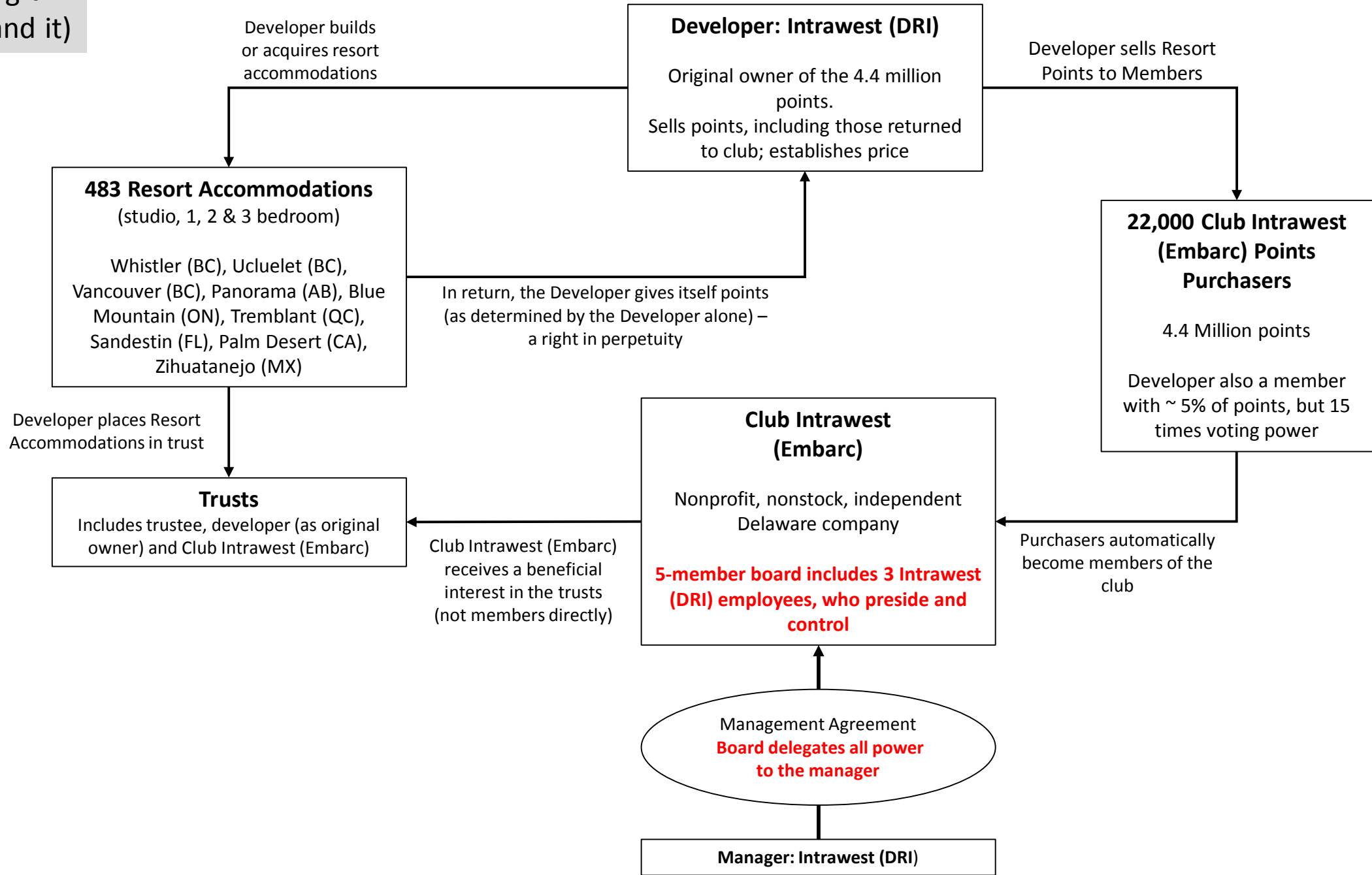


Relationship Diagram
(As we understand it)



COMPANY LIST

- **Intrawest:** public company, real-estate developer and ski hill operator; created numerous subsidiaries for each timeshare role
- **Club Intrawest (Embarc):** Nonprofit, non-stock Delaware corporation, created and controlled by Intrawest, but not owned by Intrawest; now called Embarc
- **DRI:** Diamond Resorts International, a (recently) private timeshare operator, purchased the management agreement and control of Club Intrawest, from Intrawest, on Jan 29, 2016; uses numerous subsidiaries for each timeshare role

STEP 5

- Consumers automatically become members in Club Intrawest.
- Members are obligated to pay an annual service fee for life (\$8.65/pt in 2017).
- The service fee is established by the club's board, and increases every year.
- Members have no input or visibility into the detailed budget, expenses, or any of the operations.

GST COLLECTION

- The manager, Intrawest (DRI), on behalf of the board, has already collected \$12M from members, and set this money aside to pay the GST (expecting to lose the appeal)
- The manager receives a 15% fee for all incoming and outgoing financial transactions, and therefore made \$1.8M to date on this collection.

STEP 1

Intrawest (DRI) builds and acquires property for ~ \$100M and establishes a separate legal and independent entity called Club Intrawest; they write the bylaws, name themselves declarant put their own employees on the board

STEP 2

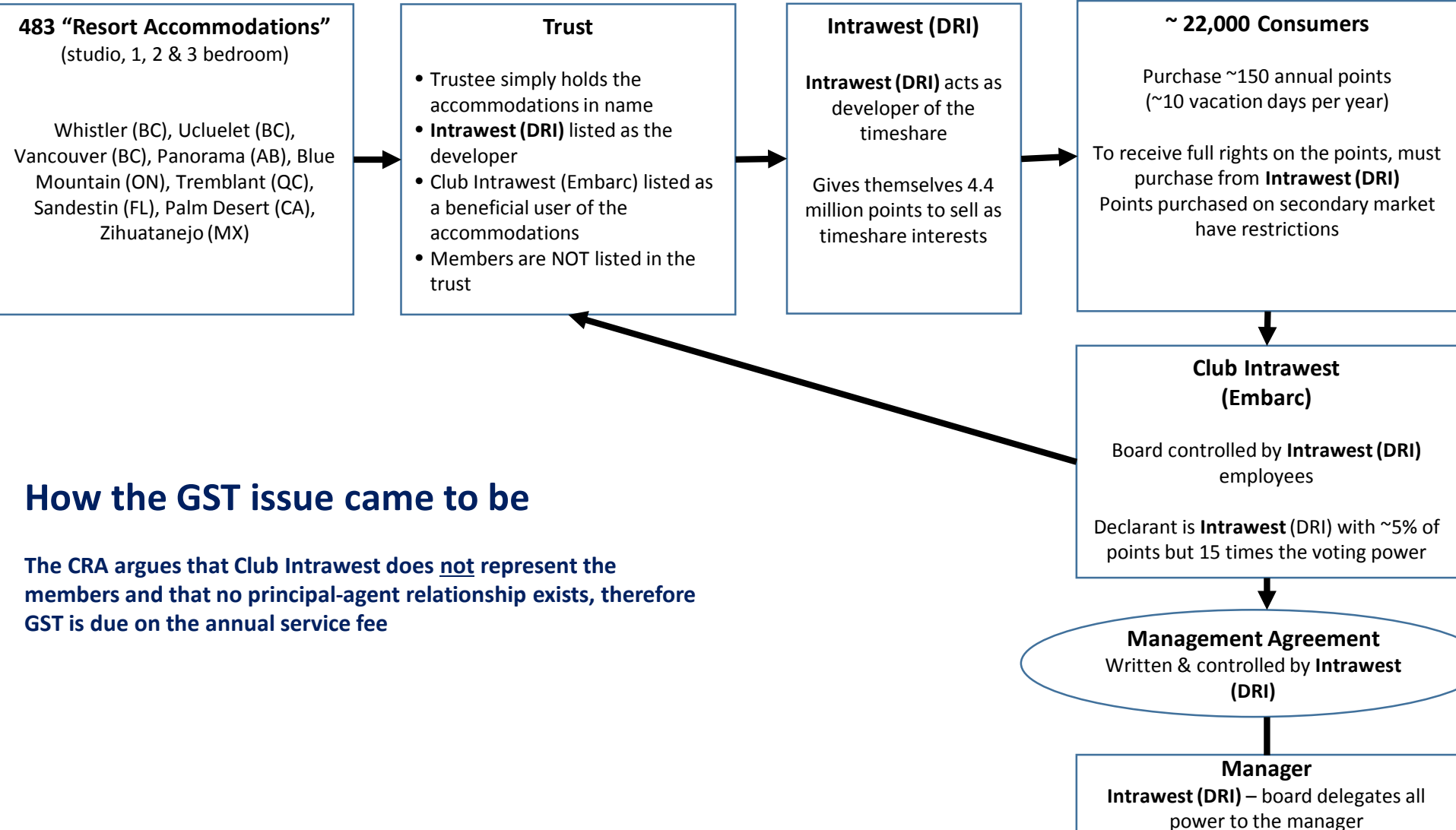
Intrawest (DRI) deposits the "resort accommodations" into the trust, and gives themselves 4.4 million points to sell

STEP 3

Intrawest (DRI) sells each point for ~ \$150, generating over \$600M in sales

STEP 4

Intrawest (DRI) tells members that they own and control all properties through an entity called "Club Intrawest"



How the GST issue came to be

The CRA argues that Club Intrawest does not represent the members and that no principal-agent relationship exists, therefore GST is due on the annual service fee