

36 Toronto St.,

Toronto, April 10th 1930.

James Goldie, Esq.,  
C/o. Rainbow Ranch,  
Okanagan Centre, B.C.

Personal

Dear Mr. Goldie,

I got back from the South on Tuesday, after leaving Fred Cleland with relatives of yours at Ormond, and on my return have your letter of March 25th and also find a letter from the Dominion Income Tax Department here in Toronto, copy of which I enclose. I immediately went to see them, and told them that whereas it was quite true I had received \$1,000.00 from Rainbow Ranch in 1926, that this was in the form of a loan, about half of which was repaid in a subsequent year when we lost between \$900.00 and \$1,000.00. They agreed that this was quite reasonable, and asked me to write you so that you could take it up with their Vancouver office and have them see it in this way. Will you kindly do this and write me the result.

While on this question they suggested that we should carry a reserve for this contingency and any others which might arise, and for the life of me I can not see why we should not do this. The money represented by this reserve could then be loaned on call, and it is no one's business to whom it is loaned, and upon what rate of interest, if any. All successful industrial companies are doing this, and I have before me the Balance Sheet of the Goodyear Company for the month of February, in which there is an item under "Assets", of "Call Loans \$1,825,000.00". I do not see why the indebtedness of ourselves to the Ranch could not be carried as a reserve, and a corresponding entry of call loans made against it on the credit side of the Balance Sheet. I think this should also be done in closing the books for the year which has just come to an end. We could then materially reduce the percentage of the dividend officially declared, allowing the balance to go into call loans. It is quite certain that in the event of any serious deficit the stockholders would be called upon to put up money to liquidate the same, and we should certainly provide for this. If you could hold this matter of closing the books for the year just ended, until Dormer and I get out there and we could talk it over together, it would be most preferable.

I notice in your letter of March 25th you have recorded the address of D. G. McAllister as 36 Toronto Street. I presume I had better get him to include the amount of \$8,820.00 in his Income Tax Return of this year, but will you kindly advise me by return mail what you think I should do regarding this.

This letter is not for the Ranch files.

Hope you are all well, and that everything is going  
alright.

Yours truly,

J. McAllister