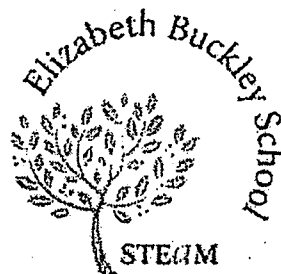


Appendix C:

Permissive Tax Exemption Applications
Not Recommended for Approval



May 23, 2017

Mayor and Council
City of Victoria
1 Centennial Square
Victoria, BC V8W 1P6

Dear Madam Mayor and Members of Council:

Re: 1190 Kings Road, Folio #08582002

The property in question, Folio #08582002, is covered in great part under a grant of permissive property tax exemption to The Cridge Centre for the Family. A portion of one building (three rooms equaling 2,000 square feet in The Cridge Centre for the Family Childcare Centre) is leased to the Hands on Summer Camp Society, operating the Elizabeth Buckley School for children of all abilities.

As you will recall from the last 2 years, we have asked council that the portion of the building occupied by Elizabeth Buckley School (EBS) currently covered by the permissive tax exemption granted to The Cridge Centre, be included for tax exemption.

We are again writing jointly as owner (The Cridge Centre for the Family) and Lessee (EBS) to request an exemption on this 2,000 sq. foot space.

The Cridge Centre for the Family is a 144 year old non-profit charity, partnering with EBS, also a registered charity. We both serve families with children with special needs, and in this partnership often the same families.

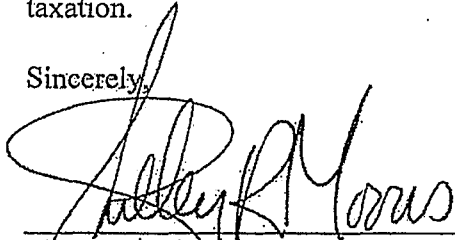
Clearly we are two not-for-profit agencies serving Victoria families and we seek the goodwill of the City in granting this permissive property tax exemption for the school in order that neither agency will be required to pass along costs to vulnerable families.

It is an inequity that should Elizabeth Buckley School have been in a position to own their own property, they would qualify for an exemption. However, renting from another non-profit

charity results in a loss of permissive tax exemption on that space, negatively impacting both organizations.

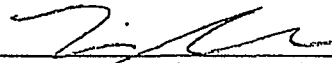
Council members indicated 2 years ago a recognition of the inequity and committed to reviewing the issue in the new term. Council has the ability and authority to permissively exempt the Elizabeth Buckley School and given these two very special agencies working together to further the success of families and given the special circumstances we present here, we respectfully request the support and assistance of council in granting this request for exemption from property taxation.

Sincerely,



Shelley R. Morris
CEO

The Cridge Centre for the Family
1307 Hillside Avenue, Victoria BC V8T 0A2
Telephone (250) 384-8058
Fax (250) 384-5267
Website www.cridge.org



Nicole Skoreyko
President

Elizabeth Buckley School
Hands on Summer Camp Society
1307 Hillside Avenue, Victoria BC V8T 0A2
Telephone (250) 995-6425
Fax (250) 995-6428
Website www.elizabethbuckleyschool.com



APPLICATION FORM FOR PERMISSIVE
EXEMPTION FROM PROPERTY TAXATION
FOR 2017-2019

(Section 224 of the Community Charter)

1. **IDENTIFICATION OF APPLICANT:**

Property/Leasee: The Hands on Summer Camp - operating The Elizabeth Buckley School
Organization name: Property Owner: The Cridge Centre for the Family

Are you registered under the Societies Act? Yes ☒ No ☐

Are you a registered charity? Yes ☒ No ☐

Mailing Address: 40 The Cridge Centre - 1307 Hillside Ave (operates 1309 Hillside Avenue)

Contact Person: Cridge - Shelley Morris Email Address: Cridge - smorris@cridge.org

Telephone Number: Cridge 250-995-6425 Fax Number: Cridge 250-384-5267

Preferred method of application reminder: Email ☐ Mail ☒

2. **PROPERTY** (complete a separate form for each property)

Folio Number: 0858 2002 Address: 1190 Kinop Road

Legal Description: As attached

Registered Owner (if different than above): The Cridge Centre for the Family

3. **ABOUT YOUR ORGANIZATION:** Please provide a brief description of the goals and objectives of the organization.

The Elizabeth Buckley School's purpose is to develop critical thinking, adaptable and responsible citizenship in their students Kindergarten to Grade 5. It is an integrated school for the deaf, hard of hearing, physically disabled, intellectually disabled and typical children.

The Cridge Centre for the Family's purpose is to render aid and services to children, adults and families to maximize their opportunities. To meet our purpose we offer support, counsel, education, provide housins and care for our clients.

4. **PRINCIPAL USE OF THIS PROPERTY:** Please provide a brief description of the principal use of the property and how this use benefits the community.

The Elizabeth Buckley School - a non-profit independent school leases three rooms from The Cridge Centre for the Family to provide Kindergarten to Grade 5 for children of all abilities. Partnering with The Cridge Centre for the Family, both agencies serve and support many families in common, allowing children with needs to transition seamlessly between before school care, school and after school care.



APPLICATION FORM FOR PERMISSIVE
EXEMPTION FROM PROPERTY TAXATION
FOR 2017-2019

(Section 224 of the Community Charter)

5. **COMMERCIAL ACTIVITY:** Please provide a brief description of any commercial activities that your organization conducts on this property.

The Elizabeth Buckley charges tuition fees.

6. **LEASED SPACE:** Please attach any and all lease agreements for any portion of the identified property that your organization rents or leases to another organization or individual.

Attached

7. **CATEGORY:** Please select the applicable permissive tax exemption category for which you are applying. For further explanation of permissive tax exemption categories please read the full text of the Permissive Tax Exemption policy found at www.victoria.ca/permissive.

Social Service	<input type="checkbox"/>	Arts & Cultural Facility	<input type="checkbox"/>
Place of Worship	<input type="checkbox"/>	Athletic/Recreational Facility	<input type="checkbox"/>
Rail/Track Property	<input type="checkbox"/>		

Educational Facility: Independent School Classification: Group 1 ☒ 2 ☐ 3 ☐ 4 ☐

Supportive Housing

- Temporary or transitional housing ☐
- Treatment program ☐
- Permanent facility ☐
- Supportive staff ☐
- Group home ☐
- Special needs/disability housing ☐

8. **PUBLIC ACKNOWLEDGEMENT:** All recipients of City of Victoria permissive tax exemptions are required to publicly acknowledge the exemption. How does your organization plan on publicly acknowledging the exemption?

The Elizabeth Buckley School will post it on their website.



**APPLICATION FORM FOR PERMISSIVE
EXEMPTION FROM PROPERTY TAXATION
FOR 2017-2019**

(Section 224 of the Community Charter)

9. **FINANCIAL STATEMENTS:** Attach your most recent financial statements.

10. **PROPERTY OWNERSHIP:** Do you plan on selling any portion of the property during 2017 – 2019?

Yes

☐

No

☒

11. **DECLARATION:**

I am an authorized signing officer of the organization and I certify that the information given in this application is correct. Should a permissive tax exemption be granted on the above listed property, I agree to the following terms:

- If the property is sold prior to the exemption expiration, the organization will remit to the City an amount equal to the taxes that would have otherwise been payable to the City by a non-exempt owner.
- The property use will be in compliance with all applicable municipal policies and bylaws.
- The organization will publicly acknowledge the permissive tax exemption granted by the City.

- Shelley Morris
Signature

- Shelley Morris
Name (please print)

- Elizabeth Buckley
President (Elizabeth Buckley)

Nicole Storey

CEO
Position

MAY 18/17
Date

May 26/17

2. PROPERTY

Legal Description:

Lot 28, Section 4, Victoria District, Plan 263, except those parts thereof shown coloured red on plans deposited under DD 261771 and DD253321 and except part in Plan 10551 and 41022 (1190 Kings Road)

HANDS ON SUMMER CAMP SOCIETY

Financial Statements

Year Ended June 30, 2016

(Unaudited)

OBARA & COMPANY

CHARTERED PROFESSIONAL ACCOUNTANTS

HANDS ON SUMMER CAMP SOCIETY
Index to Financial Statements
Year Ended June 30, 2016
(Unaudited)

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Statement of Financial Position	4
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Statement of Revenues and Expenditures	6
Statement of Revenues and Expenses by Program <i>(Schedule 1)</i>	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 12

OBARA & COMPANY

CHARTERED PROFESSIONAL ACCOUNTANTS

216-911 Yates Street
Victoria, BC V8V 4X3
Tel: 250-388-7879
Fax: 250-381-0808

REVIEW ENGAGEMENT REPORT

To the Directors of Hands On Summer Camp Society

We have reviewed the statement of financial position of Hands On Summer Camp Society as at June 30, 2016 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

Victoria, B.C.
October 14, 2016

Obara & Company
Chartered Professional Accountants

HANDS ON SUMMER CAMP SOCIETY

Statement of Financial Position

June 30, 2016

(Unaudited)

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 169,761	\$ 180,985
Cash - Camp	44,904	37,047
Term deposits	93,559	162,631
Accounts receivable	6,434	1,089
Goods and services tax recoverable	2,528	1,589
Prepaid expenses	4,125	5,290
	<u>321,311</u>	<u>388,631</u>
CAPITAL ASSETS (Note 5)	<u>50,407</u>	<u>19,226</u>
	<u>\$ 371,718</u>	<u>\$ 407,857</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 29,052	\$ 20,698
Wages payable and employee benefits payable	49,400	38,604
Deferred revenue (Note 6)	75,058	164,391
	<u>153,510</u>	<u>223,693</u>
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 7)	<u>1,200</u>	<u>3,858</u>
	<u>154,710</u>	<u>227,551</u>
NET ASSETS		
Unrestricted Operating Fund	64,827	61,964
Invested in Capital Assets	49,207	15,368
Contingency Fund	102,974	102,974
	<u>217,008</u>	<u>180,306</u>
	<u>\$ 371,718</u>	<u>\$ 407,857</u>

APPROVED BY THE DIRECTORS:

Director

Director

See notes to financial statements

OBARA & COMPANY
CHARTERED PROFESSIONAL ACCOUNTANTS

HANDS ON SUMMER CAMP SOCIETY
Statement of Changes in Net Assets
Year Ended June 30, 2016
(Unaudited)

	Unrestricted Operating Fund	Invested in Capital Assets	Contingency Fund	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 61,964	\$ 15,368	\$ 102,974	\$ 180,306	\$ 182,751
Excess of revenues over expenses	36,702	-	-	36,702	(2,445)
Amortization	17,789	(17,789)	-	-	-
Amortization of deferred contributions	(2,658)	2,658	-	-	-
Purchase of capital assets	(48,970)	48,970	-	-	-
NET ASSETS - END OF YEAR	\$ 64,827	\$ 49,207	\$ 102,974	\$ 217,008	\$ 180,306

See notes to financial statements

OBARA & COMPANY
 CHARTERED PROFESSIONAL ACCOUNTANTS

HANDS ON SUMMER CAMP SOCIETY
Statement of Revenues and Expenditures
For the Year Ended June 30, 2016
(Unaudited)

	Total 2016	Total 2015
REVENUES (Schedule 1)		
Government grants	\$ 538,364	\$ 351,098
School tuition and fees	367,844	216,780
Camp fees	10,505	15,300
Gaming	20,949	20,000
Donations	1,657	1,745
Other grants	10,344	2,634
Amortization of deferred contributions (Note 7)	2,658	4,010
Fund raising	6,385	7,673
Uniforms	2,012	2,911
Interest	1,608	1,070
	<u>962,326</u>	<u>623,221</u>
EXPENSES (Schedule 1)		
Advertising	2,809	6,879
Amortization	17,789	15,844
Automobile	-	909
Bank charges	100	1,463
ECO Camp	-	141
Field trips	3,178	3,499
Fund raising	2,970	1,378
Insurance	5,043	4,077
Licenses and dues	603	281
Miscellaneous	1,548	1,332
Office expenses	12,472	9,567
Physical Education Expenses	4,280	1,494
Premise rental	62,334	45,270
Professional fees	19,406	20,653
Repairs and maintenance	16,885	11,865
Staff development and training	2,939	6,276
Subcontract	32,989	20,069
Supplies	9,004	5,980
Transportation and travel	13,975	5,164
Uniforms	2,892	2,033
Venues - camp activities and expenditures	1,918	2,450
Wages and benefits	712,490	466,792
	<u>925,624</u>	<u>633,416</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	36,702	(10,195)
OTHER INCOME		
Gain on disposal of capital assets	-	7,750
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 36,702</u>	<u>\$ (2,445)</u>

See notes to financial statements

OBARA & COMPANY
 CHARTERED PROFESSIONAL ACCOUNTANTS

HANDS ON SUMMER CAMP SOCIETY
Statement of Revenues and Expenses by Program **(Schedule 1)**
Year Ended June 30, 2016
(Unaudited)

	School	Camp	Special Needs	2016 Total
REVENUES				
Government grants	\$ 246,114	\$ -	\$ 292,250	\$ 538,364
School tuition and fees	367,844	-	-	367,844
Camp fees	-	10,505	-	10,505
Gaming	949	20,000	-	20,949
Donations	747	910	-	1,657
Other grants	10,344	-	-	10,344
Amortization of deferred contributions	2,658	-	-	2,658
Fund raising	6,385	-	-	6,385
Uniforms	2,012	-	-	2,012
Interest	1,444	164	-	1,608
	<u>638,497</u>	<u>31,579</u>	<u>292,250</u>	<u>962,326</u>
EXPENSES				
Advertising	2,611	198	-	2,809
Amortization	17,789	-	-	17,789
Bank charges	-	100	-	100
Field trips	3,178	-	-	3,178
Fund raising	2,970	-	-	2,970
Insurance	4,348	695	-	5,043
Licenses and dues	603	-	-	603
Miscellaneous	1,548	-	-	1,548
Office expenses	12,381	91	-	12,472
Physical Education Expenses	4,280	-	-	4,280
Premise rental	55,680	6,654	-	62,334
Professional fees	17,712	1,694	-	19,406
Repairs and maintenance	15,245	1,640	-	16,885
Staff development and training	2,939	-	-	2,939
Subcontract	-	-	32,989	32,989
Supplies	7,207	604	1,193	9,004
Transportation and travel	13,805	170	-	13,975
Uniforms	2,892	-	-	2,892
Venues - camp activities and expenditures	-	1,918	-	1,918
Wages and benefits	294,824	12,574	405,092	712,490
	<u>460,012</u>	<u>26,338</u>	<u>439,274</u>	<u>925,624</u>
EXCESS (DEFICIENCY) OF EXPENSES OVER REVENUES	<u>\$ 178,485</u>	<u>\$ 5,241</u>	<u>\$ (147,024)</u>	<u>\$ 36,702</u>

See notes to financial statements

OBARA & COMPANY
 CHARTERED PROFESSIONAL ACCOUNTANTS

HANDS ON SUMMER CAMP SOCIETY

Statement of Cash Flows

Year Ended June 30, 2016

(Unaudited)

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 36,702	\$ (2,445)
Items not affecting cash:		
Amortization of capital assets	17,789	15,844
Amortization of deferred contributions	(2,658)	(4,010)
Gain on disposal of capital assets	-	(7,750)
	<u>51,833</u>	<u>1,639</u>
Changes in non-cash working capital:		
Accounts receivable	(5,345)	166
Accounts payable	8,355	2,908
Deferred revenue	(89,334)	23,066
Prepaid expenses	1,165	1,125
Goods and services tax payable	(939)	(140)
Wages payable and employee benefits payable	<u>10,796</u>	<u>2,669</u>
	<u>(75,302)</u>	<u>29,794</u>
Cash flow from operating activities	<u>(23,469)</u>	<u>31,433</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(48,970)	(5,411)
Proceeds on disposal of capital assets	-	7,750
Cash flow from (used by) investing activities	<u>(48,970)</u>	<u>2,339</u>
INCREASE (DECREASE) IN CASH FLOW	<u>(72,439)</u>	<u>33,772</u>
Cash - beginning of year	<u>380,663</u>	<u>346,891</u>
CASH - END OF YEAR	<u>308,224</u>	<u>380,663</u>
CASH CONSISTS OF:		
Cash	\$ 169,761	\$ 180,985
Cash - Camp	44,904	37,047
Term deposits	<u>93,559</u>	<u>162,631</u>
	<u>\$ 308,224</u>	<u>\$ 380,663</u>

See notes to financial statements

OBARA & COMPANY
CHARTERED PROFESSIONAL ACCOUNTANTS

HANDS ON SUMMER CAMP SOCIETY

Notes to Financial Statements

Year Ended June 30, 2016

(Unaudited)

1. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

2. PURPOSE OF THE ORGANIZATION

Hands On Summer Camp Society (the "Society") was incorporated under the Society Act of British Columbia and its purpose is to foster and promote educational and recreational opportunities for all children; to meet their individual communications needs, with an emphasis on Sign Language. The Society is a registered charity within the meaning of the Income Tax Act (Canada) and is therefore exempt from income taxes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Fund accounting

Hands On Summer Camp Society follows the deferral method of accounting for contributions.

The Operating Fund accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenues, and expenses related to Hands On Summer Camp Society's capital assets.

The Contingency Fund reports resources set aside to cover costs in the event of fund shortages.

Revenue recognition

The Society recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to students
- there is clear evidence that an arrangement exists
- amounts are fixed or can be determined
- the ability to collect is reasonably assured.

(continues)

HANDS ON SUMMER CAMP SOCIETY

Notes to Financial Statements

Year Ended June 30, 2016

(Unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grants

Government grants are recorded when there is a reasonable assurance that the Society had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standard for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Computer equipment	3 & 5 years
Computer software	3 years
Furniture and equipment	5 years
Signage	5 years
Vehicles	5 years

The Society regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

4. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. As of June 30, 2016 it is management's opinion that the Society is not exposed to significant credit, liquidity, market, currency or interest risk.

OBARA & COMPANY

CHARTERED PROFESSIONAL ACCOUNTANTS

HANDS ON SUMMER CAMP SOCIETY

Notes to Financial Statements

Year Ended June 30, 2016

(Unaudited)

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Computer equipment	\$ 66,648	\$ 42,238	\$ 24,410	\$ 7,791
Computer software	1,390	1,315	75	217
Furniture and equipment	49,747	24,513	25,234	10,071
Signage	2,295	1,607	688	1,147
	<u>\$ 120,080</u>	<u>\$ 69,673</u>	<u>\$ 50,407</u>	<u>\$ 19,226</u>

6. DEFERRED REVENUES

	2016	2015
Changes to deferred revenue balance are as follows:		
Beginning balance	\$ 164,391	\$ 141,325
Less amounts transferred to income	(164,391)	(141,325)
Add amounts related to next year	75,058	164,391
Ending balance	<u>\$ 75,058</u>	<u>\$ 164,391</u>

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represents assets funded by grants. The funds are recognized as revenue as the related capital assets are amortized. The changes in the deferred balance for the year are as follows:

	2016	2015
Beginning balance	\$ 3,858	\$ 7,868
Less: amortization in the year	(2,658)	(4,010)
Ending balance	<u>\$ 1,200</u>	<u>\$ 3,858</u>

8. ECONOMIC DEPENDENCE

The Society is dependent and receives approximately 56% of its revenues from Government funding arrangements. This continued support is necessary in the ongoing operations and activities of the Society.

HANDS ON SUMMER CAMP SOCIETY
Notes to Financial Statements
Year Ended June 30, 2016
(Unaudited)

9. LEASE COMMITMENTS

The Society entered into a lease agreement on September 1, 2014 with respect to its Elementary School premise. The lease expires on August 31, 2019 contains no renewal options.

The Society entered into a sublease agreement on August 1, 2015 with respect to its Middle School premise. The lease expires on July 31, 2020.

Future minimum lease payments as at June 30, 2016, are as follows:

2017	\$	66,321
2018		68,214
2019		31,580
2020		24,755
2021		2,067

Financial Statements of

**THE CRIDGE CENTRE FOR
THE FAMILY**

Year ended March 31, 2016



KPMG LLP
Chartered Accountants
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada

Telephone (250) 480-3500
Fax (250) 480-3539
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Members of The Cridge Centre for the Family

Report on the Financial Statements

We have audited the accompanying financial statements of The Cridge Centre for the Family, which comprise the statement of financial position as at March 31, 2016, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions of the Operating Agreement between The Cridge Centre for the Family and B.C. Housing Management Commission ("BC Housing").

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Operating Agreement between The Cridge Centre for the Family and BC Housing, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Cridge Centre for the Family as at March 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the Operating Agreement between The Cridge Centre for the Family and BC Housing.

Basis of Accounting and Restriction on Use

Without modifying our opinion, we draw attention to Note 1(a) to the financial statements, which describes the basis of accounting. The financial statements are prepared to meet many purposes and requirements of the Cridge Centre for the Family and to assist in complying with the reporting provisions of the Operating Agreement referred to above. As a result, the financial statements may not be suitable for another purpose.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles applied in preparing and presenting the financial statements in accordance with the financial reporting provisions of the Operating Agreement have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Professional Accountants

July 11, 2016
Victoria, Canada

THE CRIDGE CENTRE FOR THE FAMILY

Statement of Financial Position

March 31, 2016, with comparative figures for 2015

	2016	2015
Assets		
Current assets:		
Cash (note 2)	\$ 500,614	\$ 1,233,062
Accounts receivable	128,276	102,454
Inventories	1,332	1,346
Prepaid expenses	83,279	92,850
	713,501	1,429,712
Investments and marketable securities (note 3)	5,667,957	5,284,917
Capital assets (note 4)	14,909,884	15,192,822
	\$ 21,291,342	\$ 21,907,451

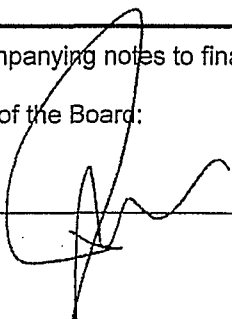
Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued charges (note 5)	\$ 415,692	\$ 666,253
Employee benefit accruals (note 6)	479,183	465,126
Deferred donations (note 7)	212,773	181,510
Current portion of long-term debt	9,956,789	212,079
Current portion of deferred revenue - operating	540,308	484,379
Current portion of deferred revenue - capital	272,446	281,315
	11,877,191	2,290,662
Long-term debt (note 8)	286,803	10,243,592
Deferred revenue - operating (note 9)	152,739	172,446
Deferred revenue - capital (note 9)	3,209,433	3,471,717
	15,526,166	16,178,417
Net assets:		
Endowment fund (note 10)	554,929	550,267
Invested in capital assets	1,184,413	984,119
Other funds (note 11)	2,690,228	2,594,350
Unrestricted	1,335,606	1,600,298
	5,765,176	5,729,034
Commitments (note 13)		
Contingencies (note 14)		

	\$ 21,291,342	\$ 21,907,451
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See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

THE CRIDGE CENTRE FOR THE FAMILY

Statement of Operations and Changes in Net Assets

Year ended March 31, 2016, with comparative information for 2015

	Capital Fund	Endowment Fund (note 10)	Other Funds (note 11)	Operating Fund	2016 Total	2015 Total (Schedule)
Revenue:						
Government contracts	\$ -	\$ -	\$ -	\$ 3,767,881	\$ 3,767,881	\$ 3,635,350
Fee for service income	-	-	-	1,750,512	1,750,512	1,697,444
Rents and leases	-	-	-	2,257,470	2,257,470	2,173,384
Donations and bequests	-	-	-	254,185	254,185	284,468
Amortization of deferred revenue	282,092	-	-	19,707	301,799	291,148
Other income	-	-	-	15,289	15,289	8,701
	282,092	-	-	8,065,044	8,347,136	8,090,495
Expenses:						
Salaries and benefits	-	-	-	4,644,887	4,644,887	4,527,270
Program costs	-	-	-	1,656,046	1,656,046	1,563,268
Mortgage interest	-	-	-	510,076	510,076	519,898
Occupancy	-	-	-	625,840	625,840	634,889
Amortization of capital assets	543,173	-	-	-	543,173	523,718
Administration	-	-	-	254,551	254,551	257,682
Professional fees	-	-	-	142,269	142,269	94,568
Transportation	-	-	-	46,132	46,132	50,281
	543,173	-	-	7,879,801	8,422,974	8,171,574
Program income (deficit)	(261,081)	-	-	185,243	(75,838)	(81,079)
Other income:						
Capital gains and interest	-	-	-	183,085	183,085	112,663
Unrealized gain (loss)	-	-	-	(110,831)	(110,831)	317,281
	-	-	-	72,254	72,254	429,944
Excess (deficiency) of revenue over expenses	(261,081)	-	-	257,497	(3,584)	348,865
Net assets, beginning of year	984,119	550,267	2,594,350	1,600,298	5,729,034	5,375,298
Contributions to endowment funds	-	1,266	38,460	-	39,726	4,871
Transfers:						
Recovery of reserve expenses	-	-	(52,352)	52,352	-	-
Allocations to reserves	-	-	128,885	(128,885)	-	-
Net investment in capital assets	249,296	-	-	(249,296)	-	-
Mortgage principal	212,079	-	-	(212,079)	-	-
Allocation of investment income	-	24,178	31,888	(56,066)	-	-
Allocation of fees	-	(3,706)	-	3,706	-	-
Recovery of disbursements	-	-	(7,000)	7,000	-	-
Allocation of unrealized loss	-	(17,076)	(44,003)	61,079	-	-
Net assets, end of year	\$ 1,184,413	\$ 554,929	\$ 2,690,228	\$ 1,335,606	\$ 5,765,176	\$ 5,729,034

See accompanying notes to financial statements.

THE CRIDGE CENTRE FOR THE FAMILY

Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating:		
Excess (deficiency) of revenue over expenses	\$ (3,584)	\$ 348,865
Endowment funds received	39,726	4,871
Items not involving cash:		
Amortization	543,173	523,718
Earned deferred donations	(40,863)	(109,748)
Unrealized on investment portfolio	110,831	(317,281)
Earned property lease	(19,707)	(19,707)
Forgiveness of capital grant	(17,080)	(17,080)
Amortization of deferred revenue - capital	(265,012)	(254,361)
	347,484	159,277
Change in non-cash operating working capital (note 12)	(196,812)	46,544
	150,672	205,821
Financing:		
Deferred revenue - capital received	10,939	53,952
Mortgage principal repayments	(212,079)	(202,299)
Deferred donations received	72,126	166,970
	(129,014)	18,623
Investments:		
Net proceeds (purchase) of investments and marketable securities	(493,871)	282,166
Purchase of capital assets	(260,235)	(196,710)
	(754,106)	85,456
Increase (decrease) in cash	(732,448)	309,900
Cash, beginning of year	1,233,062	923,162
Cash, end of year	\$ 500,614	\$ 1,233,062

See accompanying notes to financial statements.

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements

Year ended March 31, 2016

The Cridge Centre for the Family (the "Society") is incorporated under the Society Act (British Columbia) and its principal business activities are the provision of social services to families including child care, supportive and transition housing, respite care, residence for survivors of brain injury and seniors' assisted living housing. The Society is a charitable organization registered under the Income Tax Act and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared in accordance with the significant accounting policies set out below in order to comply with the Society's agreement with the B.C. Housing Management Commission ("BC Housing"). The basis of accounting used in these financial statements materially differs from Canadian accounting standards for not-for-profit organizations because amortization is not provided on Brain Injury House and the Senior's Centre over the estimated useful lives of these assets but rather at a rate equal to the annual principal reduction of the mortgages; and specific capital assets purchased from funding received from BC Housing are charged to operations in the year the expenditure is incurred rather than being capitalized and amortized over their estimated useful lives.

(b) Fund descriptions:

The Capital Fund reports resources that are to be used for capital activities relating to the ongoing programs and facilities.

The Endowment Fund reports resources contributed for endowment.

The Other Fund reports externally and internally restricted reserves for specified programs and purposes.

The Operating Fund accounts for the operations of social services provided to families including child care, supportive and transition housing, respite care, residence for survivors of brain injury and seniors' assisted living. Funding is primarily from government organizations, fee for service income and rents.

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(c) Revenue recognition:

The Society follows the deferral method of accounting for contributions which include donations and government grants.

The Society receives funding from several government sources, primarily at the provincial level. Operating grants are recorded as revenue in the period to which they relate. Grants approved, but not received, at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions, other than endowment contributions, are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized in revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue as it is earned.

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(d) Capital assets:

Capital assets are stated at cost, except for the original land and 1893 building located on Kings Road which are valued at the nominal amount of \$1. Amortization is provided using the following basis and annual rates:

Asset	Basis	Rate
Building improvements - Kings Road	Straight-line	5 - 15 years
Building improvements - Kings Road - slate roof	Straight-line	50 years
Building - housing	Straight-line	25 years
Building improvements - housing	Straight-line	10 - 20 years
Building - Senior's Centre	Principal reduction for the year	
Building - Child Care Centre	Straight-line	20 years
Building - Brain Injury House	Principal reduction for the year	
Building - Cridge Transition House for Women	Straight-line	25 years
Furniture and equipment	Straight-line	5 years
Computer equipment	Straight-line	3 years
Vehicles	Straight-line	5 years

When a capital asset no longer contributes to the Society's ability to provide services, its carrying value is written down to its residual value.

(e) Replacement and vacancy reserves:

Major repairs and replacement of equipment are provided for by an annual transfer from operations accumulated in the BC Housing replacement reserve. The cost of replacements is charged to operations in the year the expense is incurred and recovered from the reserve through a fund transfer when incurred. Other replacement and vacancy reserve transfers are recorded as fund transfers in the statement of operations and changes in net assets.

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments that are quoted in an active market are subsequently measured at fair value and all changes in the fair value are recognized in net income in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(g) Employee future benefits:

The Society and its employees contribute to a multi-employer plan for health related benefits, administered by the Community Services Benefit Trust and to the Municipal Pension Plan, a multi-employer defined benefit plan for pension benefits. Contributions to the plans are expensed as incurred.

The Society accrues sick leave liability for employees equal to 50% of the total hours included in the sick bank at year end. This amount is included in accrued employee benefit accruals.

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the estimated useful life of capital assets and the estimated sick leave liability. Actual results could differ from these estimates.

2. Cash:

	2016	2015
Cash held at financial institutions	\$ 494,714	\$ 1,227,012
Petty cash	5,900	6,050
	<u>\$ 500,614</u>	<u>\$ 1,233,062</u>
Unrestricted cash	\$ 495,111	\$ 762,107
Restricted cash - Replacement Reserve Fund	5,503	470,955
	<u>\$ 500,614</u>	<u>\$ 1,233,062</u>

During the year the Restricted cash - Replacement Reserve Fund was invested in investments and marketable securities (note 3). The amount remaining in restricted cash is cash on hand in the investment portfolio related to these restricted funds.

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

3. Investments and marketable securities:

Investments are recorded at quoted market values.

	2016	2015
General Fund:		
Fixed income	\$ 1,120,819	\$ 1,186,696
Mutual funds - Canadian equity	2,958	13,530
Canadian equities	1,012,670	1,054,006
Mutual funds - foreign equity	217,613	219,442
Foreign equity	793,148	737,673
	3,147,208	3,211,347
Endowment Fund:		
Fixed income	141,146	181,807
Mutual funds - Canadian equity	4,564	3,908
Canadian equities	183,401	163,502
Mutual funds - foreign equity	94,540	117,540
Foreign equity	84,338	67,380
	507,989	534,137
Sub total General and Endowment Funds	3,655,197	3,745,484
Zoie Gardner Endowment Fund:		
Fixed income	375,873	230,579
Mutual funds - Canadian equity	227,303	224,848
Canadian equities	302,514	313,006
Mutual funds - foreign equity	118,186	111,847
Foreign equity	496,688	659,153
	1,520,564	1,539,433
Replacement Reserve Fund - Restricted:		
Fixed income	301,730	-
Mutual funds - Canadian equity	190,466	-
	492,196	-
	\$ 5,667,957	\$ 5,284,917

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

4. Capital assets:

	2016		
	Cost	Accumulated amortization	Net book value
Original land and building - Kings Road	\$ 1	\$ -	\$ 1
Land	385,314	-	385,314
Building - Senior's Centre	13,759,169	1,726,329	12,032,840
Building - Child Care Centre	2,442,080	1,373,252	1,068,828
Building improvements - Kings Road	657,430	30,258	627,172
Building - housing	698,904	593,058	105,846
Building improvements - housing	1,070,982	701,232	369,750
Building - Cridge Transition House for Women	530,053	530,053	-
Building - Brain Injury House	444,564	311,544	133,020
Furniture and equipment	987,805	857,174	130,631
Computer equipment	211,506	190,859	20,647
Vehicles	454,663	418,828	35,835
	\$ 21,642,471	\$ 6,732,587	\$ 14,909,884

	2015		
	Cost	Accumulated amortization	Net book value
Original land and building - Kings Road	\$ 1	\$ -	\$ 1
Land	385,314	-	385,314
Building - Senior's Centre	13,759,169	1,500,662	12,258,507
Building - Child Care Centre	2,442,080	1,251,148	1,190,932
Building improvements - Kings Road	486,020	19,492	466,528
Building - housing	698,904	572,883	126,021
Building improvements - housing	1,020,384	641,108	379,276
Building - Cridge Transition House for Women	530,053	521,273	8,780
Building - Brain Injury House	444,564	285,698	158,866
Furniture and equipment	954,663	825,798	128,865
Computer equipment	206,420	174,843	31,577
Vehicles	454,663	396,508	58,155
	\$ 21,382,235	\$ 6,189,413	\$ 15,192,822

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

5. Accounts payable and accrued charges:

Included in accounts payable and accrued liabilities as at March 31, 2016 are government remittances payable of \$15,187 (2015 – \$14,478) relating to federal and provincial sales taxes, payroll taxes, health taxes and workers' safety insurance.

6. Employee benefit accruals:

	2016	2015
Accrued sick bank	\$ 354,845	\$ 341,707
Accrued vacation	88,725	87,806
Other accruals	35,613	35,613
	<u>\$ 479,183</u>	<u>\$ 465,126</u>

7. Deferred donations:

Deferred donations consist of donations received for specific expenditures which will be incurred in subsequent years.

	2016	2015
Berwick House	\$ 628	\$ 628
Young Parent Outreach program funds	6,086	4,187
Day care program funds	10,207	2,395
Dovetail program funds	1,850	2,749
Cridge Transition House for Women funds	10,690	14,170
Cridge Transition House for Women contingency donations	12,042	13,323
Housing children fund	365	365
TBI funds	45,721	29,946
Anonymous donations	34,329	21,854
Respite donation	12,955	13,955
Property purchase fund	10,000	10,000
Taylor building roof/repointing fund	12,968	12,968
Senior's Centre funds	11,012	11,050
Special Trust donation	43,920	43,920
	<u>\$ 212,773</u>	<u>\$ 181,510</u>

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

8. Long-term debt:

	2016	2015
Canada Mortgage and Housing Corporation ("CMHC"), interest at 2.93%, due August 1, 2021, repayable at \$2,951 principal and interest per month, secured by the Head Injury Residence, MacDonald House	\$ 313,455	\$ 339,302
Great West Life mortgage, interest at 5.05%, due November 1, 2016, repayable at \$57,299 principal and interest per month, secured by land and buildings located on Kings Road (aka 1307 Hillside Avenue)	9,930,137	10,116,369
	10,243,592	10,455,671
Less current portion long-term debt	9,956,789	212,079
	\$ 286,803	\$ 10,243,592

Principal repayments due on long-term debt for each of the next five years and thereafter under these terms are as follows:

2017	\$ 9,956,789
2018	27,417
2019	28,227
2020	29,046
2021	29,930
Thereafter	172,183
	\$ 10,243,592

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

9. Deferred revenue:

	2016	2015
Operating:		
Capital Region Housing Corporation lease commenced January 1, 1984. Initial deferred amount of \$808,000 is being brought into income over the 41 year term of the lease at \$19,707 annually	\$ 172,446	\$ 192,153
Grants and revenue received in advance of services rendered	520,601	464,672
	693,047	656,825
Less current portion	540,308	484,379
	\$ 152,739	\$ 172,446

	2016	2015
Capital:		
Colonel Harland Sanders Charitable Foundation and Queen Alexandra Foundation (now known as Children's Health Foundation of Vancouver Island) each donated \$1,000,000. Private donations and a grant from the Province of BC make up the balance of the initial deferred amounts for the Child Care Centre totalling \$2,415,589 which are being brought into income over 20 years, commencing January 2005 at \$120,779 annually	\$ 1,057,234	\$ 1,178,013
CMHC and Ministry of Social Services and Housing grants on Cridge Transition House of Women commencing May 31, 1991. Initial deferred amounts totalling \$427,000 are being brought into income over 25 years at \$17,080 annually	7,117	24,197
CMHC forgivable loan of \$558,000 bearing interest at 8.125% and Real Estate Foundation of British Columbia grant of \$22,000 related to the Residential Rehabilitation Assistance Program for housing renovations. Both loans will be brought into income over 15 years commencing June 1, 2002 in the amount of \$38,666	38,667	77,333
Balance carried forward	1,103,018	1,279,543

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

9. Deferred revenue (continued):

	2016	2015
Balance brought forward	1,103,018	1,279,543
Private donations, grants and remainder trust is the funding towards the Senior's Centre which opened November 2006. Initial deferred amounts of \$1,275,092 are being brought into income over 35 years at \$36,431 annually	935,134	971,565
Private donations and grants received from The Real Estate Foundation of B.C., The Victoria Foundation, Coast Capital Savings Credit Union, City of Victoria, United Way of Greater Victoria, and the Capital Regional District were used towards the renovations of two six bedroom townhouses into eight one bedroom units for transitional housing for women. The project completed at the end of October 2009. The initial deferred amount of \$329,608 is being brought into income over 20 years	223,907	240,388
CMHC forgivable loan of \$1,000,000 for the building of the Senior's Centre commencing December 1, 2006. The 35 year forgivable loan will be brought into income starting in the eleventh year (2017) at a rate of \$40,000 per year for the final 25 years of the mortgage, provided the Society continues to meet the terms and conditions of the forgivable loan	1,000,000	1,000,000
CMHC forgivable loan of \$360,000 bearing interest at 7.625% related to the Residential Rehabilitation Assistance Program for housing renovations for the heritage building to be earned over 15 years, commencing December 1, 2006. The forgivable loan will be brought into income each year for the next 15 years at a rate of \$24,000 per year, provided the Society continues to meet the terms and conditions of the forgivable loan	136,044	160,044
Private donation for the replacement of kitchen cabinets at the brain injury residence was received in June 2011. Initial deferred amount of \$8,400 is being brought into income over 10 years at \$840 annually	4,304	5,144
Balance carried forward	3,402,407	3,656,684

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

9. Deferred revenue (continued):

	2016	2015
Balance brought forward	3,402,407	3,656,684
Rotary Club of Victoria - Habourside Foundation donated \$10,000 to purchase a used van for the Young Parent Outreach Program. It will be brought into income over 5 years commencing May 31, 2012 in the amount of \$2,000 annually	2,334	4,334
The Child Care Centre received a Variety Club - The Children's Charity grant and a donation from CFAF Santa's Anonymous to purchase a new handicapped accessible van in 2012. Initial deferred amount of \$57,000 is being brought into income over 5 years at \$11,400 annually	16,532	27,932
The Cridge Transition House for Women received donations to purchase a new van on February 17, 2014. Initial deferred amount of \$14,236 is being brought into income over 5 years at \$2,847 annually	8,198	11,046
The Child Care Centre received donations towards the purchase of new playground equipment which installed February 28, 2015. Initial deferred amount of \$53,952 is being brought into income over 5 years at \$10,790 annually	42,246	53,036
The Cridge Transition House received private donations for the replacement of kitchen cabinets & countertops in July 2015. Initial deferred amount of \$10,939 is being brought into income over 10 years at \$1,094 annually	10,162	-
	3,481,879	3,753,032
Less current portion	272,446	281,315
	\$ 3,209,433	\$ 3,471,717

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

10. Endowment Fund:

	2016	2015
Externally restricted:		
Mary Cridge Endowment - Awards Fund	\$ 9,857	\$ 9,857
Coast Capital Savings Endowment	20,475	20,475
Margaret T. Clinch Endowment	153,823	153,823
Edward and Jeannine Cridge Endowment	24,500	24,500
Resplendency Victoria Endowment	94,878	94,878
Keys in Hand Endowment	39,292	38,426
Endowment accrued interest	2,141	2,147
Ranica Endowment	658	258
	<u>345,624</u>	<u>344,364</u>
Internally restricted:		
Undistributed endowment earnings	209,305	205,903
	<u>\$ 554,929</u>	<u>\$ 550,267</u>

11. Other funds:

	2016	2015
Externally restricted:		
Zoie Gardner Fund	\$ 1,611,179	\$ 1,594,895
Replacement Reserve	497,699	470,955
	<u>2,108,878</u>	<u>2,065,850</u>
Internally restricted:		
Replacement Reserve	504,095	449,795
Vacancy Reserve	47,255	48,705
TBI Reserve	30,000	30,000
	<u>581,350</u>	<u>528,500</u>
	<u>\$ 2,690,228</u>	<u>\$ 2,594,350</u>

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

12. Change in non-cash operating working capital:

	2016	2015
Accounts receivable	\$ (25,822)	\$ (17,296)
Inventory	14	4
Prepaid expenses	9,571	(11,973)
Accounts payable and accrued changes	(250,561)	150,745
Employee benefit accruals	14,057	38,342
Deferred revenue - operating	55,929	(113,278)
	<u>\$ (196,812)</u>	<u>\$ 46,544</u>

13. Commitments:

The Society rents equipment and contracts services under operating leases. Commitments for minimum annual lease payments for the next five years and thereafter under the various operating leases are as follows:

2017	\$ 207,700
2018	112,200
2019	86,800
2020	35,400
2021	10,200
Thereafter	8,700
	<u>\$ 461,000</u>

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

14. Contingencies:

CMHC has provided the Society with forgivable loans totalling \$1,918,000 (note 9) to enable the Society to build the Senior's Centre and complete housing renovations for the Residential Rehabilitation Assistance Program. The loan is being brought into income over the useful life of the associated assets. The remaining balance of these loans is \$1,174,711 (2015 - \$1,237,377). There is no requirement to repay these funds other than as a result of an event of default under the agreement with CMHC.

15. Employee future benefits:

(a) Municipal Pension Plan

The Society and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusteesd pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 185,000 active members and approximately 80,000 retired members.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at December 31, 2012 indicated an unfunded liability of \$1,370 million for basic pension benefits. The next valuation will be as at December 31, 2015, with results available later in 2016. The actuary does not attribute portions of the unfunded liability to individual employers. The Society paid \$255,712 (2015 - \$239,360) for employer contributions to the plan in fiscal 2016.

(b) Community Services Benefit Trust

The Society and its employees contribute to the Community Services Benefit Trust, a multi-employer plan for long-term disability, group life insurance, accidental and serious illness, extended health, dental and medical service premiums. The Society paid \$328,788 for employer contributions to the Community Services Benefit Trust in fiscal 2016 (2015 - \$312,233).

THE CRIDGE CENTRE FOR THE FAMILY

Notes to Financial Statements (continued)

Year ended March 31, 2016

16. Financial risks and concentration of risk:

(a) Foreign currency risk:

The Society holds investments in equities outside of Canada which are subject to foreign exchange risk. At March 31, 2016, the Society held foreign investments with a fair value of \$1,804,513 (2015 - \$1,923,035).

(b) Interest rate risk:

The Society's long-term debt has fixed interest rates until November 1, 2016 and August 1, 2021 (note 8). The Society is not subject to interest rate risk until refinancing of this long-term debt.

The Society is exposed to interest rate risk related to its investments in fixed income funds. The fair value of these funds is directly impacted by changes in interest rates.

(c) Credit risk:

Credit risk arises from cash held with banks and financial institutions and credit exposure to accounts receivable balances. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Society assesses the credit quality of the counter parties, taking into account their financial position, past experience, and other factors. It is management's opinion that the Society is not exposed to significant credit risk.

Interest rate and credit risk are managed through the Society's policy of dealing with high credit quality financial institutions and its Investment Policy which specifies the required asset mix and eligible securities permitted within its investment portfolio.

(d) Liquidity risk:

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages its liquidity risk by monitoring its operating requirements. The Society prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There has been no change to the risk exposures from 2015.

THE CRIDGE CENTRE FOR THE FAMILY

Statement of Operations and Changes in Net Assets

Schedule

Year ended March 31, 2015

	Capital Fund	Endowment Fund (note 10)	Other Funds (note 11)	Operating Fund	Total
Revenue:					
Government contracts	\$ -	\$ -	\$ -	\$ 3,635,350	\$ 3,635,350
Fee for service income	-	-	-	1,697,444	1,697,444
Rents and leases	-	-	-	2,173,384	2,173,384
Donations and bequests	-	-	-	284,468	284,468
Amortization of deferred revenue	271,441	-	-	19,707	291,148
Other income	-	-	-	8,701	8,701
	271,441	-	-	7,819,054	8,090,495
Expenses:					
Salaries and benefits	-	-	-	4,527,270	4,527,270
Program costs	-	-	-	1,563,268	1,563,268
Mortgage interest	-	-	-	519,898	519,898
Occupancy	-	-	-	634,889	634,889
Amortization of capital assets	523,718	-	-	-	523,718
Administration	-	-	-	257,682	257,682
Professional fees	-	-	-	94,568	94,568
Transportation	-	-	-	50,281	50,281
	523,718	-	-	7,647,856	8,171,574
Program income (deficit)	(252,277)	-	-	171,198	(81,079)
Other income:					
Capital gains and interest	-	-	-	112,663	112,663
Unrealized gain	-	-	-	317,281	317,281
	-	-	-	429,944	429,944
Excess (deficiency) of revenue over expenses	(252,277)	-	-	601,142	348,865
Net assets, beginning of year	891,339	498,306	2,400,177	1,585,476	5,375,298
Contributions to endowment funds	-	4,871	-	-	4,871
Transfers:					
Recovery of reserve expenses	-	-	(22,389)	22,389	-
Allocations to reserves	-	-	126,035	(126,035)	-
Net investment in capital assets	142,758	-	-	(142,758)	-
Mortgage principal	202,299	-	-	(202,299)	-
Allocation of investment income	-	13,353	1,063	(14,416)	-
Allocation of fees	-	(3,460)	-	3,460	-
Recovery of disbursements	-	9,273	(37,500)	28,227	-
Allocation of unrealized loss	-	27,924	116,964	(144,888)	-
TBI restriction	-	-	10,000	(10,000)	-
Net assets, end of year	\$ 984,119	\$ 550,267	\$ 2,584,350	\$ 1,600,298	\$ 5,729,034

COPY



LEASE SUMMARY

THIS LEASE SUMMARY is attached to and forms part of the Indenture of Lease dated for reference, September 1, 2014.

BETWEEN:

THE CRIDGE CENTRE FOR THE FAMILY
1307 Hillside Avenue
Victoria, B.C. V8T 0A2

(the "Landlord")

AND:

THE HANDS ON SUMMER CAMP SOCIETY
1309 Hillside Avenue
Victoria, B.C. V8T 2B3

(the "Tenant")

ARTICLE OR CLAUSE

Schedule A	Civic Address of the Premises: <i>Elizabeth Buckley School</i> <i>1309 Hillside Avenue</i> <i>Victoria, B.C. V8T 2B3</i>
1.1	Area of the Premises: <i>2,000 square feet, more or less,</i>
1.1 and 3	Term: <i>Five (5) years</i> <i>(Except as provided in clause 11)</i>
1.1	Commencement Date: <i>September 1, 2014</i>

1.1 Expiry Date:
August 31, 2019

4.1 Annual Basic Rent Commencing: *September 1, 2009*, and
terminating: *August 31, 2014*, payable as follows:

PERIOD	PER ANNUM	PER MONTH
September 1, 2014 to August 31, 2015	\$39,924.00	\$3,327.00
September 1, 2015 to August 31, 2016	\$40,716.00	\$3,393.00
September 1, 2016 to August 31, 2017	\$41,736.00	\$3,478.00
September 1, 2017 to August 31, 2018	\$42,984.00	\$3,582.00
September 1, 2018 to August 31, 2019	\$ 44,280.00	\$ 3,690.00

6.1 Use of Premises:
School, kindergarten and summer (day) camp base

16.4 Landlord's Address for Rent Payments and Notices:
1307 Hillside Avenue
Victoria, B.C. V8T 0A2

16.4 Tenant's Address for Notices:
1305 Hillside Avenue
Victoria, B.C. V8T 2B3

16.19 Deposit: *nil*

16.20 Renewal option: *nil*

Schedules:

Schedule A-Sketch Plan of Demised Premises
THIS LEASE made *as of September 1, 2014*

BETWEEN:

THE CRIDGE CENTRE FOR THE FAMILY a society incorporated
under the laws of British Columbia under incorporation number S-9

(the "Landlord")

AND:

THE HANDS ON SUMMER CAMP SOCIETY a society incorporated
under the laws of British Columbia under incorporation number S-29776

(the "Tenant")

1. DEFINITIONS

- 1.1 The Landlord and the Tenant hereby agree that in this Lease the following words or phrases shall, unless there is something in the context inconsistent therewith, have the meanings hereinafter set out:
- (a) **"Additional Rent"**: nil
 - (b) **"Annual Basic Rent"** shall mean the amount specified as such in the Lease Summary as amended by written agreement of the Landlord and the Tenant from time to time;
 - (c) **"Area of the Premises"** shall mean the aggregate of the areas specified in the Lease Summary, which areas shall be measured from the exterior face of exterior walls and the centre line of any internal demising walls, without deduction for any columns or projections;
 - (d) **"Building"** shall mean all buildings and improvements erected or to be erected on the Land;
 - (e) **"Commencement Date"** shall mean the date specified as such in the Lease Summary;

- (f) **"Common Areas and Facilities"** shall mean all of the Land and the Building including, without limitation, the Roof, exterior and interior walls and structural elements including bearing walls, electrical, plumbing, drainage, mechanical, and other installations or services as well as the structures housing the same, fire prevention and communication systems, loading areas, parking areas, driveways, landscaped areas, retaining walls, washrooms (other than washrooms within the Premises or within other premises leased to tenants), a playground area and all fixtures, general signs, lighting facilities, improvements, equipment, and installations thereupon or therein which the Landlord provides or designates from time to time for the general use by or for the benefit of the Tenant in common with other tenants and other persons permitted by the Landlord; provided however that the Common Areas and Facilities shall exclude all of the Rentable Area, whether or not leased to tenants, and it shall further exclude all areas of the Land in respect of which the Landlord has granted to the Tenant or any other tenant an exclusive easement or an easement in common only with the Landlord;
- (g) **"Environmental Laws"** means any statutes, laws, regulations, orders, bylaws, standards, guidelines, permits, and other lawful requirements of any governmental authority having jurisdiction over the Premises now or hereafter in force relating in any way to the environment, health, occupational health and safety, or transportation of dangerous goods, including the principles of common law and equity;
- (h) **"Expiry Date"** shall mean the date specified as such in the Lease Summary;
- (i) **"GST"** means the tax levied under Part IX of the *Excise Tax Act* (Canada) as the same may be amended or substituted from time to time;
- (j) **"Hazardous Substance" or "Hazardous Substances"** means any pollutants, contaminants, deleterious substances, underground or above-ground tanks, asbestos materials, hazardous, corrosive, or toxic substances, special waste or waste of any kind, or any other substance which is now or hereafter prohibited, controlled or regulated under Environmental Laws;
- (k) **"Insurance Costs"** shall mean all premiums and other amounts which the Landlord may expend in effecting or maintaining insurance coverage under the provisions of this Lease;
- (l) **"Land"** shall mean all and singular that certain parcel or tract of land described in Schedule A;
- (m) **"Landlord"** shall mean the owner or the mortgagees in possession for the time being of the Premises only during and in respect of their respective periods of interest in the Premises;

- (n) **"Landlord's Mortgagees"** shall mean any and all existing or proposed mortgagees, debenture-holders, and trustees on behalf of mortgagees holding any Mortgages;
- (o) **"Lease"** shall mean this indenture together with the Lease Summary and all schedules attached hereto;
- (p) **"Leasehold Improvements"** means all fixtures (other than the Tenant's trade fixtures), improvements, additions, partitions, equipment, and alterations from time to time made to or installed in the Premises by any person;
- (q) **"Lease Summary"** shall mean pages one and two attached to and forming part of this Lease and headed "Lease Summary";
- (r) **"Mortgages"** shall mean all mortgages, debentures, deeds of trust, and mortgages securing bonds and all instruments and indentures supplemental thereto which may now or hereafter charge the Land and Premises, and all renewals, modifications, consolidations, replacements, and extensions thereof;
- (s) **"Premises"** shall mean the portion of the Building shown outlined in red and identified as *"Cridge Childcare Facility"* on the plan attached hereto as Schedule A, together with the Leasehold Improvements and window glass
- (t) **"Prime Rate"** means the rate of interest, expressed as an annual rate, at the relevant time or times, established by the Landlord's Bank at its main branch in Vancouver, British Columbia, as a reference rate for commercial loans in Canadian dollars to its best commercial customers and commonly referred to by the said Bank as its "prime rate";
- (u) **"Release"** includes release, spill, leak, pump, pour, emit, discharge, eject, escape, leach, dispose, or dump;
- (v) **"Rent"** shall mean the Annual Basic Rent and the Additional Rent;
- (w) **"Rentable Area"** shall mean the total area expressed in square feet or its metric equivalent of space set aside by the Landlord for leasing to tenants of the Building, as may be amended by the Landlord from time to time;
- (x) **"Roof"** shall mean the roof membrane, roof insulation, and roof deck of the Building;
- (y) **"Sign"** shall mean any sign, picture, notice, lettering, direction, or other advertising or informational device of whatever nature;

- (z) **"Tenant's Taxes"** shall mean all taxes, fees, levies, charges, assessments, rates,⁶ duties, and excises which are now or may hereafter be levied, imposed, rated, or assessed by any lawful authority relating to or in respect of the business of the Tenant or relating to or in respect of personal property and all business and trade fixtures, machinery and equipment, cabinet work, furniture, and movable partitions owned or installed by the Tenant at the expense of the Tenant or being the property of the Tenant, or relating to or in respect of the Leasehold Improvements or other improvements to the Premises built, made, or installed by the Tenant, on behalf of the Tenant or at the Tenant's request, whether any such amounts are included by the taxing authority in the Taxes;
- (aa) **"Term"** shall mean the term specified in the Lease Summary;
- (bb) **"Transfer"** shall mean any transfer, assignment, charge, mortgage, sublease, license, sharing of possession, parting with possession, or any other disposition of this Lease or any estate or interest therein or the Premises or any part thereof, including without limitation a transfer by operation of law;
- (cc) **"Transferee"** shall mean any person to whom a Transfer is made or intended to be made; and
- (dd) **"Utility Costs"** shall mean all charges for water, gas, electric light and power, and all other utilities and services used on or in respect of the Premises or any part thereof (excluding telephone charges) whether separately metered to the Premises or as allocated by the Landlord, acting reasonably to the Premises together with all costs and charges for all fittings, machines, apparatus, meters, and any other thing leased or supplied in respect thereof and all costs and charges for all work and services performed by any corporation, authority, or commission in connection with such utilities and services in respect of the Premises, whether separately charged to the Premises or allocated by the Landlord, acting reasonably, to the Premises.

2. THE DEMISE

In consideration of the rents, covenants, conditions, and agreements hereinafter respectively reserved and contained, the Landlord hereby leases to the Tenant the Premises, subject to the easements and rights-of-way now registered against the title to the Land and any future easements and rights-of-way which may be registered against title to the Land in accordance with clause 6.2.

3. TERM

The Tenant shall have and hold the Premises, subject to the exceptions and reservations aforesaid, unto the Tenant for the Term from and including the Commencement Date until and including the Expiry Date.

4. RENT

4.1 Annual Basic Rent

The Tenant shall pay to the Landlord during the Term the following Rent payable at the Landlord's address specified in the Lease Summary or at such other place as the Landlord may from time to time designate in writing, in the following installments: the Annual Basic Rent payable in advance in consecutive monthly installments on the first day of each and every month in each and every year of the Term, commencing on the Commencement Date and continuing until and including the first day of the month in which the Expiry Date falls;

4.2 To Pay

The Tenant shall pay the Annual Basic Rent when due in accordance with the provisions of this Lease.

4.3 No Abatement

The Tenant covenants and agrees with the Landlord that all of the Rent payable under this Lease shall be paid by the Tenant without demand, deduction, set-off, or abatement whatsoever, except as specifically provided in sub clause 9.1(a). The Tenant covenants and agrees that the Landlord may at its option apply all sums received from or due to the Tenant against any amounts due and payable hereunder in such manner as the Landlord may see fit, regardless of any designation or instructions by the Tenant to the contrary.

4.4 Post-Dated Cheques

The Tenant covenants and agrees that the Tenant shall pay the rent by delivery to the Landlord prior to the commencement of each Operating Year a series of post-dated cheques each in the amount of the monthly installments of the Annual Basic Rent, or by such other method of payment as the parties may agree to from time to time

4.5 Adjustment

If the Landlord at its discretion allows the Tenant into possession on a date prior to the Commencement date, all the provisions of the Lease will apply with the exception of the payment of rent: there will be no rent payable for the period prior to the Commencement date.

4.6 Accrual of Annual Basic Rent

The Annual Basic Rent shall accrue from day to day. Where the calculation of any Additional Rent is not made until the termination or expiry of this Lease, the obligation of the Tenant to pay such Additional Rent shall survive the termination or expiry of this Lease and such amounts shall be payable by the Tenant upon demand by the Landlord.

4.7 Gross Lease

It is the intention of the parties that this Lease shall be a *gross* lease, but the Annual Basic Rent provided to be paid to the Landlord hereunder shall yield to the Landlord the entire such rental during the Term and any renewal thereof without abatement for any cause whatsoever except as set forth in sub clause 9.1(a). Save as specifically set forth in this Lease, all costs, expenses, and obligations of every kind and nature whatsoever relating to the Premises whether or not herein referred to and whether or not of a kind now existing or within the contemplation of the parties, shall be paid by the Landlord.

5. UTILITIES/SERVICES

5.1 Utilities

The Landlord shall be responsible for the provision, maintenance and cost of all Utilities, including baseboard electric heat, but excluding telephone services.

5.2 Services

The Landlord shall be responsible for garbage collection and snow removal relating to the Premises.

6. USE OF PREMISES

6.1 Use of Premises

The Tenant shall not use the Premises nor allow the Premises to be used for any purpose other than that specified in the Lease Summary, nor in any manner inconsistent with such use and occupation, and the Tenant shall not, at any time during the Term or any renewal thereof, commit or suffer to be committed any waste upon the Premises or the Easement Area, nor shall the Tenant use, exercise, carry on, or permit, or suffer to be used, exercised, or carried on, in, or upon the Premises or the Land, or any part thereof, any noxious, noisome, or offensive art, trade, business, occupation, or calling, or keep, sell, use, handle, or dispose of any merchandise, goods, or things which are objectionable, or by which the

Premises or the Land or any part thereof may be damaged or injuriously affected, and no act, matter, or thing whatsoever shall, at any time during the Term or any renewal thereof, be done in or upon the Premises or the Land or any part thereof which may result in annoyance, nuisance, grievance, damage, or disturbance to other tenants or occupiers of the Building or to the occupiers or owners of any other lands or premises or to the holders of any registered easement, right of way, or other encumbrance charging the whole or part of the Land or the Building. The Tenant shall use its best efforts to prevent anything being done on the Premises or the Land which may result in any premises other than the Premises being subjected to industrial action or demonstrations. The Tenant shall forthwith take all action and proceedings reasonably necessary to cause such industrial action and demonstrations to cease without delay. The Tenant shall not place in the Premises any heavy machinery or equipment without first obtaining the consent, in writing, of the Landlord. The Tenant shall immediately advise the Landlord of the presence of, and shall do all things necessary to remove, any dangerous condition from time to time existing on the Premises, the Building, or the Land, and arising as a result of the act or omission of the Tenant or any person for whom the Tenant is, at law, responsible. If the Premises shall be used for any purpose other than permitted by this clause without prior written consent of the Landlord, then the Tenant shall be deemed to be in default under this Lease.

6.2 Common Areas and Facilities

- (a) The use and occupation of the Premises by the Tenant shall include the non-exclusive license to use, in common with others entitled thereto, the Common Areas and Facilities, subject to this Lease and to the exclusive control, management, and direction of the Landlord. The Landlord hereby grants to the Tenant a non-exclusive license, during the subsisting Term and any renewal thereof, in common with all others entitled thereto, to pass and repass with or without vehicles over those areas of the Land as the Landlord may from time to time designate in writing, and to use, for the parking of motor vehicles, including the parking of two passenger vans of the Tenant, those parking spaces on the Land as the Landlord may from time to time designate in writing for the use of the Tenant; provided however that the easement and license herein granted shall be subject to the charges, reservations, and exceptions set forth in Article 2 of this Lease. Notwithstanding the foregoing grant of easement and license by the Landlord to the Tenant, the Landlord shall have the right to alter the location and size of the Easement Area and the areas which are the subject of the said license, provided that reasonable access to the Premises is provided to the Tenant and the size and convenience of the Easement Area is not materially adversely affected.
- (b) The Common Areas and Facilities shall at all times be subject to the exclusive control and management of the Landlord and shall be provided or designated by the Landlord from time to time for the general use by or for the benefit of the Tenant and its employees, invitees, and licensees in common with the other tenants of the Landlord and such others as may be designated by the Landlord. The Landlord has

the right from time to time to establish, modify, and enforce rules and regulations with respect to the Common Areas and Facilities, including those related to their use, maintenance, and operation, and the rules and regulations in all respects shall be observed and performed by the Tenant and the employees, invitees, and licensees of the Tenant. The Landlord has the right to change the area, level, location, and arrangement of the Common Areas and Facilities and to enter into, modify, and terminate easements and agreements pertaining to the use and maintenance thereof, and to police the Common Areas and Facilities and to close all or any portion thereof to such an extent as may in the reasonable opinion of the Landlord be legally sufficient to prevent the accrual or creation of rights to any person or the public therein, and to do and perform such other acts and things in and to the Common Areas and Facilities as the Landlord, acting reasonably, considers advisable.

- (c) The Tenant covenants that it shall and shall cause its employees, licensees, and invitees to observe all regulations made by the Landlord from time to time with respect to parking on those portions of the Land provided for that purpose, and that the Tenant shall supply automobile license numbers of its employees to the Landlord upon request. In particular, the Landlord reserves the right to remove any automobile infringing regulations made by the Landlord with respect to parking from time to time, such removal to be at the risk and expense of the Tenant.
- (d) It is understood and agreed that notwithstanding anything herein to the contrary, the Landlord shall have the right at all times and from time to time throughout the Term and renewal to:
 - (i) change the area, size, or arrangement of the Building and the Land and any part thereof including the Common Areas and Facilities, agreeing that if a change to the arrangement of the Building becomes necessary, the Tenant shall enjoy an area of the Premises of not less than the approximately 2000 square feet agreed upon at the commencement of this Lease, and all of the originally agreed upon necessities;
 - (ii) giving full consideration to the nature and mandate of Elizabeth Buckley School and the Hands On Summer Camp to integrate children suffering hearing loss, and being aware that most of these hard of hearing children must use hearing aides, and that hearing aides amplify all sound, construct other buildings, structures, or improvements on the Land and make alterations thereof, additions thereto, or re-arrangements thereof, demolish parts thereof, build additional stories on the Building (and for such purposes to construct and erect columns and support facilities in the Building), and construct additional buildings or facilities adjoining or proximate to the Building, agreeing that should such construction or demolition be likely to impact the ability of Elizabeth Buckley School of the Hands on Summer Camp to operate within their mandate, the Landlord shall make every effort

to have the construction completed outside of the normal hours of operation of Elizabeth Buckley School (September to June, Monday to Friday, 8:30 a.m. to 2:30 p.m.) and the Hands On Summer Camp (July and August, Monday to Friday, 9:00a.m. to 4:00p.m.);

- (iii) relocate or rearrange or make changes or additions to the Common Areas and Facilities from those existing at the Commencement Date in order to facilitate expansion or alteration of the Building;
- (iv) add additional lands to the Land;
- (v) grant new easements and rights of way in favour of other tenants or others; and
- (vi) temporarily obstruct or close off the Common Areas and Facilities or any parts thereof for the purposes of maintenance, repair, or construction;

provided however that the Landlord shall not unreasonably interfere with the use and enjoyment of the Premises beyond the extent necessarily incidental to such changes, additions, and installations, and shall make good any physical damage to the Premises arising in the course of such changes, additions, and installations. The Landlord agrees to use its reasonable efforts to complete all construction, alterations, maintenance, and repairs as expeditiously as possible under the circumstances.

- (e) The Tenant shall not have any right to object to nor any right to any claim of damages, compensation, or other sums whatsoever, nor any right of set-off or reduction of the Rent as a result of or on account of any exercise of the Landlord's rights under sub clauses 6.2(b) and 6.2(d). It is further understood and agreed that the exercise by the Landlord of its rights set forth in sub clauses 6.2(b) and 6.2(d) shall not be deemed to be constructive or actual eviction of the Tenant, nor a breach of any covenant of quiet enjoyment or other covenant contained in this Lease.

6.3 Compliance with Laws

The Tenant shall do, observe, and perform all of its obligations and all matters and things necessary or expedient to be done, observed, or performed by the Tenant by virtue of any law, statute, bylaw, ordinance, regulation, or lawful requirements of any governmental authority or any public utility lawfully acting under statutory authority, and all demands and notices in pursuance thereof whether given to the Tenant or the Landlord and in any manner or degree affecting the exercise or fulfillment of any right or obligation arising under or as a result of this Lease and affecting the Premises and the use thereof by the Tenant. If any such demand or notice is given lawfully requiring the execution of works by reason of anything done, omitted, or permitted by the Tenant, then:

- (a) if such notice is given to the Tenant, the Tenant shall forthwith deliver the same or a true copy thereof to the Landlord and the Tenant shall forthwith execute, at its own expense, to the satisfaction of the Landlord and the person giving such notice, all such works as the Landlord may approve in writing in order to comply with the requirements of that notice; and
- (b) if such notice is given to the Landlord, the Landlord shall notify the Tenant and thereupon the Tenant shall forthwith execute, at its own expense, to the satisfaction of the Landlord and the person giving such notice, all such works as the Landlord and the person giving such notice may require in order to comply with the requirements of the said notice.

Notwithstanding the foregoing, the Landlord shall have the right to execute any such works and the Tenant shall afford to the Landlord all necessary access to the Premises and other facilities for such purpose and the Tenant shall, on demand by the Landlord, pay to the Landlord all costs and expenses incurred by the Landlord in executing and performing any and all such works.

7. INDEMNITY AND INSURANCE

7.1 Tenant's Insurance

- (a) The Tenant shall, at its sole cost and expense during the Term and during such other period of time that the Tenant occupies the Premises; take out and maintain in full force and effect, the following:
 - (i) "all risks" insurance upon all merchandise, stock-in-trade, furniture, fixtures, equipment, Leasehold Improvements, and other property of every kind and description located at the Premises, owned by, or made or installed by or on behalf of the Tenant and any sub-tenant or licensee or for which the Tenant is responsible or legally liable, in an amount at least equal to the full insurable value thereof, calculated on a stated amount co-insurance and replacement cost basis;
 - (ii) automobile liability insurance to a limit of liability of not less than \$2,000,000 in any one accident, covering all licensed motor vehicles owned by the Tenant and used in connection with its and its licensee's or sub-tenant's business carried on from the Premises;
 - (iii) comprehensive bodily injury and property damage liability insurance applying to the operations of the Tenant and its licensee or sub-tenant carried on from the Premises and which shall include, without limitation, personal injury liability, product liability, contractual liability, non-owned automobile

liability, and protective liability coverage with respect to the occupancy of the Premises by the Tenant; and such insurance shall be written for an amount of \$3,000,000 per occurrence, or such higher or lower amount as the Landlord may from time to time reasonably require or permit;

- (iv) tenant's all-risks legal liability insurance in an amount not less than the replacement cost of the Premises;
 - (v) broad form comprehensive glass replacement insurance;
 - (vi) business interruption insurance in such amounts as will reimburse the Tenant for direct or indirect loss of earnings attributable to all perils required to be insured against by the Tenant hereunder; and
 - (vii) any other form or forms of insurance as the Landlord may reasonably require from time to time in amounts and for perils against which a prudent tenant acting reasonably would protect itself in similar circumstances.
- (b) All policies of insurance referred to in this paragraph shall include the following provisions:
- (i) the policies shall not be affected or invalidated by any act, omission, or negligence of any person which is not within the knowledge or control of the insured thereunder;
 - (ii) subject to sub clause 9.1(b), all property damage policies written on behalf of the Tenant shall contain a waiver of any subrogation rights which the Tenant's insurers may have against the Landlord and against those for whom the Landlord is, in law, responsible, whether any insured loss or damage is caused by the act, omission, or negligence of the Landlord, or by those for whose acts the Landlord is, in law, responsible, or otherwise;
 - (iii) all policies of liability insurance shall include the Landlord and any persons, firms, or corporations affiliated with the Landlord and designated by the Landlord as additional insureds and shall provide that each person, firm, or corporation insured under such policies shall be insured in the same manner and to the same extent as if separate policies had been issued to each; and
 - (iv) all policies shall contain an undertaking by the insurers to give the Landlord not less than 30 days' prior written notice of any cancellation or other termination thereof, or any change which restricts or reduces the coverage afforded thereby.

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- (c) The Tenant agrees that certificates of insurance or, if required by the Landlord or any of the Landlord's Mortgagees, certified copies of each policy shall be delivered to the Landlord as soon as practicable after the placing thereof. The Tenant shall, when required by the Landlord, forthwith provide to the Landlord evidence that all premiums for all insurance policies have been paid.
 - (d) For good and valuable consideration, and subject to clause 7.4, the Tenant does hereby release and relieve the Landlord and those persons for whom the Landlord is, in law, responsible, from liability and responsibility for, and waives its entire claim for recovery of any loss or damage whatsoever arising out of or incident to, the occurrence of any of the perils covered by, or which would be covered by, the insurance policies which the Tenant is obligated to obtain and maintain in force under the terms of this Lease.
 - (e) The Tenant shall not do or permit anything to be done upon the Premises whereby any policy of insurance against loss or damage to the Premises or against legal liability for damage to persons or property caused by the ownership, maintenance, use, or occupancy of the Premises, the Land, or the Building, or by reasons of the conduct of any business carried on thereon, may be invalidated; and for such purpose, upon receipt of notice in writing from any insurer of the Premises, the Land, or the Building requiring the execution of works or a discontinuance of any operations in order to correct such situation, the Tenant shall comply therewith.
 - (f) The Tenant agrees that if the Tenant fails to take out or keep in force any insurance coverage referred to in this clause 7.1, or if any such insurance is not approved by the Landlord and the Landlord's Mortgagees, and the Tenant does not rectify the situation within 72 hours after written notice by the Landlord to the Tenant setting forth the Landlord's objections, then the Landlord shall have the right, without assuming any obligation in connection therewith, to effect such insurance coverage and shall have the right to recover all costs and premiums incurred in effecting such insurance coverage from the Tenant pursuant to clause 7.1.

7.2 Indemnify Landlord

The Tenant shall indemnify and save harmless the Landlord from and against any and all manner of actions or causes of action, damages, costs, loss, or expenses of whatever kind (including without limitation legal fees on a solicitor and client basis) which the Landlord may sustain, incur, or be put to by reason of or arising out of any act or omission of the Tenant or any persons for whom the Tenant is, at law, responsible, or from the use or occupation of the Premises, the Land, or the Building, in whole or in part and, without limiting the generality of the foregoing, from the non-observance or non-performance by the Tenant or any persons for whom the Tenant is, at law, responsible of any of the obligations imposed under the provisions of any laws, ordinances, regulations, or requirements of any federal, provincial, municipal, or other authority, or any of the covenants, agreements,

terms, conditions, and provisos contained in this Lease to be observed and performed by the Tenant; and such liability to indemnity and save harmless shall survive any termination of this Lease and the expiry of the Term or any renewal hereof, anything in this Lease to the contrary notwithstanding.

7.3 Landlord's Insurance

- (a) The Landlord shall, during the Term and any renewal thereof, take out and maintain in full force and effect insurance against all risks of physical loss or damage to the Building, and such fixtures and improvements as the Landlord shall determine, including gross rental value insurance, in amounts equal to the full insurable value thereof calculated on a replacement cost basis, and subject to such deductibles as the Landlord may reasonably determine. Provided however that the full insurable value shall not include, and the insurance shall not cover, any property of the Tenant, whether owned by the Tenant or held by it in any capacity, nor Leasehold Improvements nor any other property of whatsoever kind and description located at the Premises whether made or installed by or on behalf of the Tenant. The Landlord shall, upon 30 days' written notice from the Tenant, advise the Tenant of the amount of the deductible referred to in this sub clause.
- (b) The Landlord shall, upon written request by the Tenant, provide the Tenant with evidence from time to time that such insurance has been effected.
- (c) The Landlord may, but shall not be obligated to, take out and carry any other form or forms of insurance as the Landlord or the Landlord's Mortgagees may consider advisable or beneficial, including, without limiting the foregoing, comprehensive liability insurance and boiler and machinery insurance.
- (d) Notwithstanding any contribution by the Tenant to any Insurance Costs as provided for herein, no insurable interest shall be conferred upon the Tenant under policies carried by the Landlord.

7.4 Limitation of Liability of Landlord

- (a) The Landlord shall not be liable for any personal injury, death, or property loss or damage sustained by the Tenant or its employees, agents, sub lessees, licensees, or those doing business with it on the Premises, in the Building, or on the Land, no matter how caused, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible; and the Tenant:
 - (i) shall indemnify the Landlord against all actions or liabilities arising out of such personal injury, death, or property damage or loss, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible; and

- (ii) hereby releases the Landlord and its officers, agents, and employees from all claims for damages or other expenses arising out of such personal injury, death, or property loss or damage, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible.
- (b) Without limiting the foregoing, the Landlord shall not be liable for any personal injury, death, or property loss or damage sustained by the Tenant or its employees, agents, sub lessees, licensees, or invitees on the Premises, in the Building, or on the Land caused by theft or any damage caused or anything done or omitted to be done by any other tenant or occupant of the Land except to the extent caused by the negligence of the Landlord or by those persons for whom the Landlord is, in law, responsible; and the Tenant:
 - (i) shall indemnify the Landlord against all actions or liabilities arising out of such personal injury, death, or property damage or loss except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible; and
 - (ii) hereby releases the Landlord and its officers, agents, and employees from all claims for damages or other expenses arising out of such personal injury, death, or property loss or damage, except to the extent caused by the negligence of the Landlord or those persons for whom the Landlord is, in law, responsible.

8. MAINTENANCE, REPAIRS, AND ALTERATIONS

8.1 Repair on Notice

- (a) The Tenant shall permit the Landlord and its duly authorized agents or nominees, with or without workers and others, at all reasonable times to enter upon the Premises for the purpose of examining the state of repair, condition, and use thereof, and to permit such entry after the Landlord shall have given 24 hours' notice in writing to the Tenant of such intended entry and examination, or without notice in the event of an emergency or a perceived emergency, and in every case the Tenant shall afford the Landlord all aid and facilities in such entry and examination, and upon notice in writing of defect or want of repair being given by the Landlord to the Tenant, to cause the same to be repaired, as required by clause 8.1, within 30 days from the date of the giving of such notice by the Landlord. If the Tenant shall at any time default in the performance or observance of any of the covenants in this Lease for or relating to the repair, maintenance, cleaning, renewal, or decoration of the Premises or any part thereof and such default shall continue for 30 days after notice

in writing from the Landlord of default in respect of repair, maintenance, cleaning, renewal, or decoration of the premises, then the Tenant shall permit the Landlord and its duly authorized agents and nominees, with or without workers and others, and without prejudice to the Landlord's right of re-entry, to enter into and upon the Premises and repair, decorate, clean, renew, and maintain the same at the expense of the Tenant; and the Tenant shall afford the Landlord all aid and facilities in doing or causing the same to be done and shall repay to the Landlord on demand all costs and expenses in respect of such repairs, maintenance, cleaning, renewal, and decoration as aforesaid.

8.2 Business and Trade Fixtures

The Tenant to install at its cost the usual fixtures and appliances required for a school, kindergarten and summer (day) camp base in the usual manner in the Premises, provided such installation does not damage the Premises or the Building and provided further that, if requested by the Landlord, the Tenant shall have submitted to the Landlord plans and specifications for such business and trade fixtures and obtained the prior written consent of the Landlord thereto, which consent shall not be unreasonably withheld. The Tenant shall not mortgage, charge, encumber, or grant a security interest in its business and trade fixtures installed in or on the Premises without the prior written consent of the Landlord, which consent may not be unreasonably withheld. All business and trade fixtures owned or installed by the Tenant in or on the Premises shall remain the property of the Tenant and shall be removed by the Tenant at the expiration of the Term or any renewal thereof or at the sooner termination thereof, provided that the Tenant at its expense shall repair any damage to the Premises, the Land, or the Building caused by such removal. Such removal by the Tenant shall be permitted provided that the Tenant is not in default under any covenant or agreement contained herein at the time of such removal; and if in default, the Landlord shall have a lien on the Tenant's business and trade fixtures as security against loss or damage resulting from any such default by the Tenant, and the Tenant's business and trade fixtures shall not be removed by the Tenant until such default is cured, unless otherwise directed by the Landlord. The Landlord may elect to require the Tenant to remove all or any part of the business and trade fixtures owned or installed by or on behalf of the Tenant at the expiration or termination of the Term or any renewal thereof, in which event such removal shall be done at the Tenant's expense and the Tenant shall, at its expense, repair any damage to the Premises, the Building, and the Land caused by such removal. If the Tenant does not remove its business and trade fixtures forthwith after written demand by the Landlord, such property shall, if the Landlord elects, be deemed to become the Landlord's property or the Landlord may remove the same at the expense of the Tenant and the cost of such removal shall be paid by the Tenant forthwith to the Landlord on written demand, and the Landlord shall not be responsible for any loss or damage to such property as a result of such removal.

8.3 Alterations and Additions

The Tenant shall not remove, alter, or change the position or style of, or add to, the Premises or any part thereof, or make any excavations on the Land, without in any and every such case having first submitted plans and specifications thereof to the Landlord and having obtained the prior written consent of the Landlord thereto, and, unless otherwise provided by such consent, all such alterations, additions, erections, or excavations shall be done either by or under the direction of the Landlord, as the Landlord may determine, but at the cost of the Tenant. All work shall be done in a good and workmanlike manner by contractors or trades people approved in writing by the Landlord. The Tenant shall pay to and reimburse the Landlord forthwith on demand for all costs and expenses incurred by the Landlord in the review and approval of any plans and specifications by the Landlord's architects and engineers. The Tenant shall obtain and pay for all required building and occupancy permits in respect of its work as aforesaid. The Tenant shall, at its own cost and expense, take out or cause to be taken out any additional insurance coverage reasonably required by the Landlord to protect the respective interests of the Landlord and the Tenant during all periods when any such work is being performed.

8.4 Leasehold Improvements

Any and all Leasehold Improvements, but not Tenant's business and trade fixtures in or upon the Premises, whether placed there by the Tenant or the Landlord or a previous occupant of the Premises, shall immediately upon such placement become, and shall thereafter remain, the property of the Landlord without compensation therefore to the Tenant. Notwithstanding anything herein contained, the Landlord shall be under no obligation to repair, maintain, replace, or insure the Leasehold Improvements. The Landlord may elect that any or all Leasehold Improvements made or installed by or on behalf of the Tenant under this Lease, or under the provisions of any previous lease to the Tenant, be removed at the expiry or earlier termination of the Term or any renewal thereof, and it shall be the Tenant's obligation to restore the Premises to the condition in which they were prior to the installation of the Leasehold Improvements. Such removal and restoration shall be at the sole expense of the Tenant. The Tenant shall not mortgage, charge, encumber, or grant any security interest in any Leasehold Improvements made or installed by or on behalf of the Tenant hereunder. The Landlord agrees to provide the tenant with a List of all previously completed Leasehold Improvements which are not insured by the Landlord.

8.5 Landlord's Repairs

Subject to clauses 4.1, 4.2, 8.1, and Article 9, the Landlord shall repair and maintain the Land and the Building, including without limitation the Common Areas and Facilities.

9. DAMAGE, DESTRUCTION, OR EXPROPRIATION OF THE PREMISES

9.1 Damage and Destruction

- (a) If the Premises are damaged by fire or other casualty which renders all of the Premises or a substantial area of the Premises unusable by the Tenant and materially adversely affects the business carried on by the Tenant on the Premises, then the Annual Basic Rent shall from and after the date of the damage abate in the same proportion as such unusable area of the Premises bears to the total Area of the Premises, and such abatement shall continue until such unusable area of the Premises is capable of use by the Tenant or until the lease is terminated, whichever shall first occur. The Landlord agrees that Elizabeth Buckley School staff and the Hands On Summer Camp Society board of directors will be involved in the determining of whether the Premises has been rendered unsafe or unusable for the operation of the Elizabeth Buckley School or the Hands on Summer Camp. In the event that such a determination is made, the Annual Basic Rent shall, from and after the date of the damage, abate until the Tenant agrees that the Premises are capable of use by the Tenant, or until the Lease is terminated, whichever shall first occur.
- (b) Except as provided in sub clause 9.1(c), if the Premises are damaged by fire or other casualty not caused by the negligence of the Tenant or those for whom it is responsible in law, and the damage is covered by insurance held by the Landlord under this Lease, then the damage to the Premises shall be repaired by the Landlord at its expense provided that the Tenant shall, to the limits of insurance it ought to have received under the terms of this Lease, be responsible for any costs in excess of insurance proceeds received. The Tenant shall, at its expense, repair all Leasehold Improvements and any installations, alterations, additions, partitions, improvements, and fixtures made by or on behalf of the Tenant and all damage caused by its negligence or the negligence of those for whom it is responsible in law. At the option of the Landlord, such repairs shall be performed by the Landlord at the expense of the Tenant if the Landlord considers that this would be more efficient and cost-effective. All repairs which the Landlord is required to make hereunder shall be made with due diligence, provided that the Landlord shall not be liable to the Tenant for any loss or damage suffered by the Tenant as a result of any delay which may arise by reason of adjustment of insurance on the part of the Landlord or on account of the circumstances described in clause 16.7.
- (c) If, in the Landlord's opinion, the Building is damaged by fire or other casualty to the extent that it cannot reasonably be repaired or rebuilt within 180 days after the occurrence of such damage, and if the Landlord shall consequently decide not to restore the same, then the Landlord shall, within 15 working days after the happening of such fire or other casualty, give to the Tenant a notice in writing of such decision and thereupon the Term and any renewal of this Lease shall expire effective the 15th business day following the occurrence of the damage, and the Tenant shall vacate the Premises and the Easement Area and surrender the Premises and the Easement Area to the Landlord, and all rights of the Tenant hereunder shall cease and determine within two business days following the effective date of

termination. If the Building is damaged as aforesaid and the Landlord does not give notice as aforesaid, then the Landlord shall diligently proceed to repair or rebuild the Building in accordance with sub clause 9.1(b). If such repair or rebuilding is not completed and available for occupation by the Tenant within 240 days from the time of the fire or other casualty causing the damage, the Tenant may at its option, to be exercised within 10 days of the termination of the said period of 240 days (or the termination of such later period as extended by clause 16.7) by notice in writing, terminate this Lease and all of the rights of the Tenant hereunder, and the Tenant shall then have no further liability for Rent in respect of any period after the date of termination.

9.2 Expropriation

If the whole of the Premises shall be acquired or condemned by an authority having the power for such acquisition or condemnation then the Term and any renewal thereof shall cease from the date of entry by such authority. Nothing herein contained shall prevent the Landlord or the Tenant or both from recovering damages from such authority for the value of their respective interests or for such other damages and expenses allowed by law.

10. ASSIGNMENT and SUBLETTING

- (a) In the event that the Tenant desires to make, grant, execute, enter into, consent to, or permit any Transfer then the Tenant shall give prior written notice to the Landlord of such desire, specifying therein the proposed Transferee and providing to the Landlord such information on the nature of the business of the proposed Transferee, together with its financial responsibility and standing, as the Landlord may reasonably require, together with the terms and conditions of the proposed Transfer. The Tenant shall also deliver to the Landlord a copy of the Transfer intended to be executed by the Tenant and the Transferee, together with the Landlord's administration fee required hereunder. The Landlord shall, within 10 business days thereafter, notify the Tenant in writing that:
 - (i) it consents to such Transfer, or
 - (ii) that it does not consent to such Transfer, in which event the Landlord must advise the Tenant of its reason for not consenting, or
 - (iii) that it has elected to terminate the Lease as provided in sub clause 10.1(f).
- (b) Provided always and notwithstanding sub clause 10.1(a), the Landlord's consent to a Transfer does not constitute a waiver of the necessity for the Tenant to obtain the prior written consent of the Landlord to any subsequent Transfer, and no Transfer shall in any manner release the Tenant from its obligations for the payment of the

Rent and the observance and performance of the covenants, terms, and conditions herein provided during the Term and any renewal of the Term.

- (c) Upon the initial request for a Transfer together with receipt from the Tenant of the administration fee and undertaking required in sub clause 10.1(d), and provided that the Landlord does not withhold its consent to such Transfer, the Landlord shall provide to the Tenant its standard-form written agreement pertaining to Transfers. The Tenant shall require each Transferee, at the time of any Transfer, to execute and deliver the Landlord's standard-form written agreement between the Tenant, the Landlord, and the Transferee wherein the Transferee agrees to observe and perform all of the covenants, agreements, provisos, terms, and conditions of this Lease, and wherein the Tenant acknowledges and agrees that it shall continue to be liable under this Lease during the Term and any renewal of the Term. If either the Tenant or the Transferee fails to execute and deliver the said standard-form written agreement then the Landlord shall have the right to refuse to grant its consent to such Transfer, or where such consent is not required the Transfer shall not be effective until the said standard-form written agreement is executed and delivered by the Tenant and the Transferee. Without in any way restricting the generality of the Landlord's right to refuse consent to any Transfer, the Landlord shall have the right to refuse to consent to any Transfer if the Lease is not in good standing.
- (d) The Tenant shall, together with its initial request to the Landlord for consent to any Transfer, pay to the Landlord an administration fee of a minimum of \$200 or such other greater fee as the Landlord may reasonably charge from time to time, and the Tenant shall also undertake to reimburse to the Landlord any solicitors' fees and any other costs, charges, and expenses which may be incurred by the Landlord in connection with the Tenant's request for consent to any Transfer.
- (e) If the Tenant is a corporation or society or if the Transferee is a corporation or society, and at any time during the Term or any renewal thereof any or all of the corporate shares or voting rights of shareholders of the Tenant or the Transferee shall be transferred by sale, assignment, bequest, inheritance, trust, operation of law, or other disposition, or treasury shares be issued, so as to result in the control of the Tenant or the Transferee having changed from one person or group of persons to another person or group of persons without the prior written consent of the Landlord, which consent shall not be unreasonably withheld, then and so often as such a change of control shall occur the Landlord shall have the right to terminate this Lease at any time after such change of control by giving the Tenant 60 days' prior written notice of such termination. The Tenant shall, upon request by the Landlord, make available to the Landlord from time to time for inspection and copying all books and records of the Tenant which alone or with other data show the applicability or otherwise of this sub clause. This sub clause shall not be applicable to any transfer of shares which are listed on a security exchange regulated by governmental authority.

- (f) Provided further that after receiving any request for a Transfer the Landlord shall have the right, at its option and despite any provision of this Lease or any statutory provision or other law to the contrary, to terminate this Lease by giving, within 10 days after receiving the required information, notice that the Lease shall be terminated effective as of the commencement date of the proposed Transfer, or earlier if mutually agreed to by the Landlord and the Tenant. In the event of such termination the rent and other payments required to be made by the Tenant hereunder shall be adjusted to the date of termination.

11. YEARLY OPTION FOR EARLY TERMINATION

- (a) The Landlord may at its option give the Tenant 180 days written notice to vacate the Premises. The notice can be given without cause, and notwithstanding that the Lease is in good standing at the time of the notice. The obligation of the Tenant to observe all other terms of the Lease remains in force.
- (b) The Tenant may give the Landlord 180 days written notice of intention to vacate the Premises, provided that the Lease is in good standing at the time the notice is given and remains in good standing at the end of the notice period.

12. DEFAULT

12.1 Payments by Landlord Regarded as Rent

If the Tenant shall fail to observe or perform any of the covenants or obligations of the Tenant under or in respect of this Lease, the Landlord may from time to time at its discretion perform or cause to be performed any of such covenants or obligations or any part thereof, and for such purpose may do such things as may be requisite, and may enter upon the Premises to do such things; and all costs and expenses incurred and expenditures made by or on behalf of the Landlord shall be forthwith paid by the Tenant to the Landlord. If the Tenant fails to pay the same, the Landlord may add the same to the Rent and recover the same by all remedies available to the Landlord for the recovery of Rent in arrears. Nothing in this clause 12.1 shall require the Landlord to directly or indirectly commence or complete such performance of the Tenant's covenants or obligations. If the Landlord shall suffer or incur any damage, loss, cost, or expense whatsoever for which the Tenant is in any way liable hereunder, by reason of any failure of the Tenant to observe or comply with any of the covenants or agreements of the Tenant in this Lease, then in every such case the amount of any such damage, loss, cost, or expense shall be due and payable by the Tenant to the Landlord on demand by the Landlord and the Landlord shall have the right at its option to add the cost or amount of any such damage, loss, cost, or expense to the Rent hereby reserved, and any such amount shall thereupon immediately be due and payable as Rent and

recoverable by the Landlord by all remedies available to the Landlord for the recovery of Rent in arrears.

12.2 Re-Entry on Default

The Tenant further covenants with the Landlord that in the event of the breach, non-observance, or non-performance of any covenant, agreement, stipulation, proviso, condition, rule, or regulation herein contained on the part of the Tenant to be kept, performed, or observed hereunder, and any such breach, non-observance, or non-performance shall continue for seven days after written notice thereof to the Tenant by the Landlord, or, notwithstanding the foregoing, if any payments of the Rent or any part thereof, whether the same are demanded or not, are not paid when they become due, or in case the Term shall be taken in execution or attachment for any cause whatsoever, then and in any such case the Landlord, in addition to any other remedy now or hereafter provided, may re-enter and take possession immediately of the Premises or any part thereof in the name of the whole by reasonable persons and property therefrom, and may use such reasonable force and assistance in making such removal as the Landlord may deem advisable, at a time outside of the normal hours of operation of Elizabeth Buckley School (September to June, Monday to Friday, 8:30 a.m. to 2:30 p.m.) and the Hands On Summer Camp (July to August, Monday to Friday, 9:00a.m. to 4:00p.m.), when no children are present on the Premises, to recover at once full and exclusive possession of the Premises and the Easement Area; and such re-entry shall not operate as a waiver or satisfaction in whole or in part of any right, claim, or demand arising out of or connected with any breach, non-observance, or non-performance of any covenant or agreement on the part of the Tenant to be kept, observed, or performed.

12.3 Bankruptcy or Insolvency of Tenant

If during the Term or any renewal thereof any of the goods and chattels of the Tenant shall be seized or taken in attachment by any creditor of the Tenant, or if a writ of execution, sequestration, or extent shall issue against the goods and chattels of the Tenant, or if any petition or other application is presented to any court of competent jurisdiction for the dissolution, liquidation, or winding-up of the Tenant or for the appointment of a receiver or receiver and manager, or if the Tenant shall become bankrupt or insolvent or take the benefit of any statute now or hereafter in force for bankrupt or insolvent debtors, or if the Premises shall be used for any purpose other than permitted by clause 6.1 without the prior written consent of the Landlord, or if the Tenant shall make an assignment for the benefit of creditors or shall make any sale or other disposition of all or substantially all of its goods and chattels (except incidental to its amalgamation with any other company), then and in every case the Tenant shall be, and be deemed to be, in default under this Lease; the then-current and Annual Basic Rent and Additional Rent and any additional money owing hereunder shall immediately become due and payable; the Landlord may re-enter and take possession of the Premises or any part thereof in the name of the whole, and have again, repossess, and enjoy the Premises and the Easement Area in its former estate, anything

herein to the contrary notwithstanding, and the Term and any renewal thereof shall, at the option of the Landlord, forthwith become forfeited and determined.

12.4 Termination

The Tenant further covenants and agrees that upon the Landlord becoming entitled to re-enter upon the Premises under any of the provisions of this Lease, the Landlord, in addition to all other rights and remedies, shall have the right to forthwith terminate this Lease and the Term or any renewal thereof by giving notice in writing addressed to the Tenant of its intention so to do, and any other payments for which the Tenant is liable under this Lease up to the date of the Landlord's repossession of the Premises shall be paid and the Tenant shall forthwith deliver up possession of the Premises to the Landlord, and the Landlord may re-enter and take possession of the Premises without limitation to its right to claim damages arising from the Tenant's breach.

12.5 Distress

At any time that the Landlord is entitled to levy distress against the goods and chattels of the Tenant, it may use such reasonable force as it may deem necessary for the purpose of gaining admission to the Premises without being liable for any action in respect thereof or for any loss or damage occasioned thereby, and the Tenant hereby expressly releases the Landlord from all actions, proceedings, claims, or demands whatsoever for or on account of or in respect of any such forcible entry or any loss or damage sustained by the Tenant in connection therewith. The Tenant covenants and agrees to indemnify and save harmless the Landlord from and against any and all manner of actions or causes of action, damages, costs, loss, or expenses of whatever kind which the Landlord may sustain, incur, or be put to by reason of or arising out of the distress, seizure, or the levy of distress against any goods or chattels on or in the Premises, whether owned by the Tenant or any other person, and such liability to indemnify and save harmless shall survive any termination of this Lease and the expiry of the Term or any renewal thereof, anything in this Lease to the contrary notwithstanding.

12.6 Landlord's Expenses Enforcing Lease

If it is necessary for the Landlord to retain the services of any person for the purpose of assisting the Landlord in enforcing any of its rights under this Lease or otherwise available at law, the Landlord, if found to be in the right, shall be entitled to collect from the Tenant the cost of all such services including, but not limited to, all charges by any bailiff effecting a distress and all legal fees and disbursements incurred in enforcing the Landlord's rights hereunder and in connection with all necessary court proceedings at trial or on appeal on a solicitor and own client basis, as if the same were Rent reserved and in arrears hereunder. If

any court of competent jurisdiction finds in favour of the Tenant, the Tenant shall be entitled to collect from the Landlord all legal fees and disbursement and all fees connected with the necessary court proceedings at trial or appeal on a solicitor and own client basis, incurred in defending their rights as tenants.

12.7 Remedies Cumulative

No remedy conferred upon or reserved to the Landlord under this Lease, by statute or otherwise, shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy available to the Landlord and all such remedies and powers of the Landlord may be exercised concurrently and from time to time and as often as the Landlord deems expedient.

13. SUBORDINATION, ATTORNMENT, AND STATUS CERTIFICATE

13.1 Provide Financial Information.

Whenever any of the Landlord's Mortgagees, in connection with any financing of the Land or the Building or any part thereof, shall require information relating to the financial position of the Tenant, then the Tenant, within 30 days after receipt by it of a notice in writing from the Landlord requesting such information, shall furnish directly to such Landlord's Mortgagee copies of the financial statements of profit and loss and surplus or deficit, in respect of each of the three years immediately preceding the year in which such notice is given. All such information shall be used by such Landlord's Mortgagees in connection with such financing only, and shall be supplied to such Landlord's Mortgagees on the condition that the information be treated on a confidential basis.

13.2 Subordination

This Lease is and shall be subject, subordinate, and postponed to all Mortgages to the extent that without execution of any document other than this Lease, the Mortgages shall have priority over this Lease notwithstanding the respective dates of execution, delivery, or registration thereof. Without limiting the generality of the foregoing, the Tenant agrees to promptly execute any document in confirmation of such subordination and postponement of this Lease to any of the Mortgages, provided however that such subordination or postponement shall not be effective with respect to a specific Mortgage unless and until the Landlord's Mortgagee holding such Mortgage shall confirm in writing to the Tenant that the Tenant shall have the right, if not in default under this Lease, to remain in possession of the Premises in accordance with the terms of this Lease in the event that such Landlord's Mortgagee obtains title to the Premises by way of foreclosure or otherwise.

13.3 Attornment

Whenever required by any of the Landlord's Mortgagees under any of the Mortgages, or in the event of an exercise by any of the Landlord's Mortgagees of the power of sale in any of the Mortgages; the Tenant shall attorn to and become, in each case, a tenant of such Landlord's Mortgagees or any purchaser from such Landlord's Mortgagee for the then-unexpired residue of the Term upon all of the terms and conditions hereof.

13.4 Estoppel Certificate

The Tenant shall at any time and from time to time upon 10 days' prior notice from the Landlord execute and deliver to the Landlord, or the Landlord's Mortgagees, or a prospective purchaser of the whole or any portion of the Landlord's interest in the Land or the Building, a statement in writing confirming the terms of this Lease, certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the modifications and that the same is in full force and effect as modified), and certifying the amount of the Rent then being paid hereunder, the dates to which the Rent and other charges hereunder have been paid, that the Landlord has complied with all the terms of this Lease, that the Premises are acceptable to the Tenant, that the Tenant shall not amend, modify, or surrender this Lease or make any prepayment of the Rent other than the Rent for the current month without the prior written consent of the Landlord's Mortgagees or prospective purchaser, that there are no outstanding set-offs or equities disclosed or undisclosed as between the Landlord and the Tenant, that no money other than a maximum of one month's Rent in accordance with the provisions of the Lease has been prepaid by the Tenant to the Landlord, that the Tenant is aware of the assignment by the Landlord to the Landlord's Mortgagees of all Rents under this Lease, and any other matters pertaining to this Lease in respect of which the Landlord may desire certification.

14. QUIET ENJOYMENT

The Landlord covenants with the Tenant for quiet enjoyment, subject to the charges, exceptions and reservations in Article 2 and subject to any rights of entry by the Landlord as provided in this Lease.

15. MISCELLANEOUS COVENANTS

15.1 Signs

The Tenant shall not, at any time, affix or exhibit or permit to be affixed or exhibited upon any part of the Premises or the Easement Area except within the Premises, any Sign, unless such Sign shall have been first approved in writing by the Landlord and such Sign complies at all times with the requirements of any lawful authority having jurisdiction over the same. If any Sign no longer complies with the terms of the consent given by the Landlord or the requirements of any lawful authority having jurisdiction over the same, then the Landlord,

any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of the Rent or any portion hereunder by the Landlord shall not be deemed to be a waiver of a preceding breach by the Tenant of any term, covenant, or condition of this Lease.

- (b) The acceptance of any of the Rent from, or the performance of any obligation hereunder by, a person other than the Tenant shall not be construed as an admission by the Landlord of any rights, title, or interest of such person as a Transferee or otherwise in the place and stead of the Tenant.
- (c) Notwithstanding clause 12.3, the acceptance by the Landlord of a part payment of any money required to be paid hereunder shall not constitute waiver or release of the right of the Landlord to payment in full of such money.

16.4 Notices

All notices, demands, and requests which may be or are required to be given pursuant to this Lease shall be in writing and shall be sufficiently given if delivered personally to the party or an officer of the party for whom it is intended, or faxed with a confirmation copy mailed, or mailed prepaid and registered to the respective addresses specified in the Lease Summary or such other addresses as the parties may from time to time advise by notice in writing. The Tenant shall require each Transferee to supply its respective mailing address to the Landlord. The date of receipt of any such notice, demand, or request shall be deemed to be the date of delivery of such notice, demand, or request if delivered or if faxed as aforesaid it shall be deemed to be received on the next day following the date of transmission (excluding Saturdays, Sundays, and statutory holidays in British Columbia), or if mailed as aforesaid it shall be deemed to be received on the third day next following the date of such mailing (excluding Saturdays, Sundays, and statutory holidays in British Columbia), unless there is between the date of mailing and actual receipt a mail strike or other labour dispute which adversely affects mail service in British Columbia, in which case the party giving the notice, demand, or request shall deliver such notice, demand, or request by an alternative method.

16.5 Peaceful Surrender

The Tenant shall, at the expiration or sooner determination of the Term, forthwith peacefully surrender and yield up unto the Landlord the Premises and its appurtenances, together with all fixtures or improvements which at any time during the Term shall be made therein or thereon, in the state of repair required to be maintained by the Tenant hereunder, without notice from the Landlord; and shall deliver to the Landlord all keys to the Premises which the Tenant has in its possession.

16.6 Holding Over

If the Tenant shall hold over with the Landlord's written consent after the expiration of the Term or any renewal thereof, and the Landlord shall accept the new Rent or any portion thereof, the new tenancy thereby created shall be deemed to be a monthly tenancy and not a yearly tenancy and shall be subject to the covenants and conditions herein contained insofar as the same are applicable to a tenancy from month to month, except that if the Tenant remains in possession without the Landlord's written consent, the monthly installments of Annual Basic Rent shall be two times the monthly installments of Annual Basic Rent payable for the last month of the later of the Term or any renewal thereof, pro-rated on a daily basis for each day that the Tenant remains in possession, and in addition the Tenant shall be liable for all costs, expenses, losses, and damages resulting or arising from the failure of the Tenant to deliver up possession of the Premises to the Landlord.

16.7 Inability to Perform

Whenever and to the extent that the Landlord shall be unable to fulfill, or shall be delayed or restricted in the fulfillment of any obligation hereunder by reason of being unable to obtain the material, goods, equipment, service, utility, or labour required to enable it to fulfill any such obligation, or by reason of any statute, law, or order-in-council or any regulation or order passed or made pursuant thereto, or by reason of the order or direction of any administrator, controller, or board, or any governmental department or officer or other authority, or by act of God, or by reason of not being able to obtain any permission or authority required thereby, or by reason of strikes, lockouts, or other industrial disturbances, explosion, breakage or accident to machinery, or by reason of any other cause beyond its control whether of the foregoing character or not, the Landlord shall be entitled to extend the time for fulfillment of such obligation by a time equal to the duration of such delay or restriction, and the Tenant shall not be entitled to compensation for any inconvenience, nuisance, discomfort, or damage thereby occasioned and, notwithstanding clause 9.1(a), shall not be entitled to cancel or terminate this Lease.

16.8 Interest

Interest on any money due to the Landlord under this Lease shall be paid by the Tenant and shall accrue on a daily basis at the Prime Rate plus 3% per annum, such rate of interest to be calculated and compounded monthly, not in advance, from the respective date upon which any such money becomes due to the Landlord.

16.9 Governing Law

This Lease shall be construed in accordance with, and governed by, the laws of the province of British Columbia.

16.10 Number and Gender

Where required the singular number shall be deemed to include the plural and the neuter gender the masculine or feminine.

16.11 Covenants

The Landlord and the Tenant agree that all of the provisions of this Lease are to be construed as covenants and agreements as though the words imparting such covenants and agreements were used in each separate provision thereof. Should any provision or provisions of this Lease be illegal or not enforceable, it or they shall be considered separate and severable from this Lease and its remaining provisions shall remain in force and be binding upon the parties as though the said provision or provisions had never been included.

16.12 Time of the Essence

Time shall be of the essence of this Lease; save as herein otherwise specified.

16.13 Headings

Any captions, headings, and marginal notes throughout this Lease are for convenience and reference only and the words and phrases contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify, or add to the interpretation, construction, or meaning of any provision of or the scope or intent of this Lease nor in any way affect this Lease.

16.14 Enurement

This Lease shall extend to, be binding upon, and enure to the benefit of the Landlord and the Tenant and their respective heirs, executors, administrators, successors, and permitted assigns.

16.15 Continuation of Obligations

This Lease and the obligations of the Tenant hereunder shall continue in full force and effect notwithstanding any change in the person or persons comprising the Landlord.

16.16 Landlord's Limit of Liability

The term "Landlord" as used in this Lease so far as covenants or obligations on the part of the Landlord are concerned shall be limited to mean the Landlord as described in the Lease Summary, while it retains its interest in the Premises, but upon a sale, transfer, or other disposition of that interest, the Landlord shall be automatically and immediately relieved

from all liability arising out of the requirement for performance of any obligations on the part of the Landlord herein contained, it being understood and agreed hereby that the obligations contained in this Lease on the part of the Landlord shall be binding upon the Landlord, its successors, and assigns; only during and in respect of the respective successive periods of its interest in the Premises. The Tenant agrees to attorn to a purchaser, transferee, or person acquiring the interest of the Landlord in the Premises, such attornment to be effective and self-operative without the necessity of the execution of any further instrument on the part of the Landlord, the Tenant, or any other person.

16.17 Consents

Wherever and whenever the approval or consent of the Landlord is required to be obtained, such approval or consent may be given by such officers, agents, committee, person, or persons as may from time to time be nominated or appointed in writing by the Landlord for such purpose, and any such power of nomination or appointment may be delegated by the Landlord. Subject to the terms of this Lease, such nominees, appointees, or delegates shall have the right to withhold approval of or consent to, and may reject, any matter or thing submitted for approval or consent, and every such approval or consent given shall be in writing and may contain such conditions and stipulations as the Landlord may deem fit.

16.18 Amendments

This Lease shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall not be modified, amended, or waived except by an instrument in writing duly executed and delivered by the parties or by their successors and permitted assigns.

16.19 Deposits: *Nil*

16.20 Option to Renew: *Nil*

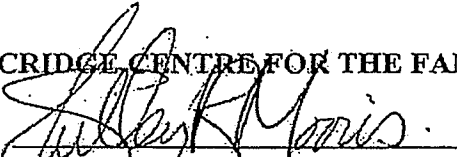
16.21 Schedules

The Schedules attached hereto are hereby incorporated and form part of this Lease.

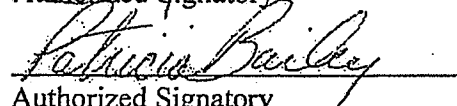
IN WITNESS WHEREOF the parties have duly executed and delivered this Lease as of the day and year first above written.

THE CRIDGE CENTRE FOR THE FAMILY

Per:

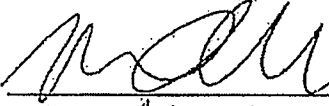

Authorized Signatory

Per:

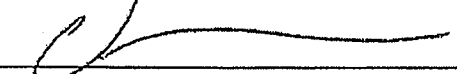

Authorized Signatory

THE HANDS ON SUMMER CAMP SOCIETY

Per:

 Megan Wilson
Authorized Signatory

Per:


Authorized Signatory