



**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS  
Of  
MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION  
(the "Company")**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of the Company (the "**Meeting**") will be held at Alexandra Centre Society (in the Dance Hall) at 922 – 9 Avenue SE, Calgary, Alberta, T2G 0S4 on Thursday, December 6, 2018 at 7:00 PM for the follow purposes:

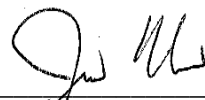
1. To elect the board of directors for the ensuing year.
2. To appoint auditors until the next annual general meeting of shareholders and to authorize the directors of the Company to fix their remuneration.
3. To receive the revenue and expense statements of the Company.
4. To transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on Friday, November 23, 2018 as the record date for determining the names of the shareholders who are entitled to receive and to vote at the Meeting. No person who becomes a shareholder of the Company after the record date will be entitled to notice, vote or act at the Meeting or any adjournment thereof.

The shareholders who are unable to attend or who are not expecting to be present in person at the Meeting are requested to complete, date and sign a Proxy and to deliver it to the designated proxy holder to bring to the Annual General Meeting. Proxy forms will be provided well in advance of the AGM along with the official meeting agenda.

DATED at Calgary, Alberta this 23 day of November, 2018.

**ON BEHALF OF THE BOARD**

  
\_\_\_\_\_  
Jim Nix  
President



October 20, 2018

Mountain Shadows Resort Owners' Corporation  
PO Box 412  
Radium Hot Springs, BC  
VOA 1M0

Attn: Shareholders of Mountain Shadows Resort Owners' Corporation (MSROC)  
Re: Final Update and Preliminary Notice for the 2018 AGM

Receive this communication as **Preliminary Notice for the Annual General Meeting (AGM)** for Mountain Shadows Resort Owners' Corporation to be held at (*note the revised date and time*):

**Thursday, December 6, 2018**, starting at **7:00pm**  
Alexandra Centre Society (in the Dance hall)  
922 – 9 AV SE, Calgary Alberta

The Annual General and Special Meeting (AGM) is the venue where Shareholders get to vote on issues that pertain to the community at large. Proposed changes to corporate articles or the co-ownership agreement need to be presented as either Ordinary Resolutions or Special Resolutions at the AGM and be voted on by the Shareholders or its proxy holder(s) represented at the meeting.

It is now time to put forward any issues, proposals, or concerns that Shareholders may wish to bring to the AGM. Please be specific if putting forward resolutions to corporate documents by providing the current wording and proposed wording forward in advance.

All issues, proposals or concerns from Shareholders must be received prior to **October 29, 2018** at [msownersassoc@shaw.ca](mailto:msownersassoc@shaw.ca) so that these can be completed and included in the **AGM Notice Package and Meeting Agenda**. The **AGM Notice Package and Meeting Agenda** will include the comprehensive and final package of meeting details, agenda, proxy forms, Board updates, Ordinary Resolutions, Special Resolutions, financial information, nominations, etc. The **AGM Notice Package and Meeting Agenda** and is intended to be distributed to shareholders approximately during the second week of November.

Thank you for your understanding; the Board of Directors for MSROC has had a number of open files that it intended to close this fall prior to the AGM—including an updated lot transfer process, the completion and issue of final financial statements, and the transition of legal representative for the corporation among a number of other files.

Thank you for receiving this Preliminary Notice and looking forward to your attendance at the AGM.

The Board for  
Mountain Shadows Resort Owners' Corporation.

## **MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION**

2018 Annual General Meeting (AGM)

**Thursday December 6, 2018 at 7:00pm**  
Alexandra Centre (Dance Hall)  
922 – 9 AV SE, Calgary Alberta, T2G 0S4

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### **MEETING PROTOCOL**

Registration will open at **6:45pm** and the meeting is scheduled to start at **7:15pm**

There will be a site register at the entrance and all attendees must register.

Pursuant to Article 11.3 of the Corporate Articles, the quorum for the transaction of Business at an Annual General Meeting of shareholders shall be persons who are, or who are represented by proxy, shareholders in the aggregate hold at least 10% of the issued shares entitled to vote at the meeting. Note that there is only one registered owner per share entitled to one vote per share.

Shareholders **must** be in good standing to vote at the Annual General Meeting

### **MEETING AGENDA**

Call to Order  
Appointment of Chair, and review of Meeting Guidelines  
Confirmation of Quorum  
Proof of Notice of Meeting  
Approval of Agenda  
Adoption of 2017 AGM Minutes  
Letter from the President and 2018 overview  
Review of Insurance Policies  
Special Projects Committee Report  
Bylaw Committee Report  
Letter from the Treasurer  
Presentation of Financial Statements and financial overview  
Appointment of Auditors  
Present and Approve Operating Budget  
Special Business: Presentation of motions for shareholder vote  
Election of Board of Directors  
(Five [5] Director positions were created at the 2015 AGM, it is proposed to maintain five [5] Director positions to be elected for a one [1] year term)  
Appointment of Special Committee Members  
New Business

## MEETING GUIDELINES

### Meeting Norms:

- **There will be a timed agenda.** Please be aware of time as we proceed through the business
- **There will be specific opportunities for questions.** Any questions that can be asked in New Business if there is not the opportunity to speak to
- **The Chair reserves the authority to defer questions to New Business** for the purposes on staying to the agenda and on schedule.

### For all Motions:

- **If you wish speak or ask questions, it must be to the motion on floor.** Feel free to ask for clarifications or additional information.
- **To address the Chair, please hold up your hand until recognized by the Chair.** First introduce yourself (name, site number)
- **Motions on New Business cannot be made from the floor and voted on.** Notice must be given to all shareholders with a description of all matters to be voted on at the meeting. New business that is brought up is Business for the newly elected Board and Committees to consider.

### Govern Your Conduct:

- **This is a meeting of Shareholders for the Business of Mountain Shadows Resort Owners' Corporation.**
- **Please ensure your conduct is in a respectful and courteous manner.** All Board members and Committee members are volunteers. All shareholders, especially those in attendance, are present because everyone cares about the Resort.
- **This is not the venue for raising issues of individual nature** (new lot development, sales and marketing,
- **This is not the venue for concerns with the Developer.** The Board may speak to general information associated the development of the resort; however, an authorized representative of the Developer may not be present at the Meeting.



## **Mountain Shadows Resort Owner's Corporation 2017 Annual General Meeting**

Thursday October 12, 2017 19:00 PM

Alexandria Centre Society, 922 – 9 Avenue SE, Calgary, Alberta, T2G 0S4

### **Directors In Attendance:**

Bob Lacey – President  
Gerry Hurtubise - Vice President  
Ben Gilchrist - Treasurer  
David Demchuk - Secretary

### **Absent:**

Marty Fletcher – Developer's Representative

### **Confirmation of Quorum:**

37 shareholders present in person, developer absent, and 1 represented by proxy. Pursuant to schedule C – Article section 11.3 the required Quorum of 10% of the eligible shares has been met.

### **Acceptance for Notice of Meeting:**

Bob Lacey (President) communicated that preliminary notice of the Annual General Meeting was emailed to all members on August 12, 2017 with the final notice emailed on September 21, 2017 setting forth the date, location and scheduled time of the meeting. Schedule C – Article Section 10.4 – meeting requires 10 days notice.

*Motion to accept Proof of Notice of Meeting moved by Earl Grasely Lot 59*

*Motion seconded by Curtis Graham Lot 58*

*Motion Approved*

### **Acceptance of Meeting Agenda:**

Bob Lacey (President) acknowledged that the meeting agenda was provided, agenda was reviewed and queried for additional inclusions to the proposed agenda.

*Motion that agenda be accepted as presented moved by Chris Jensen Lot 56*

*Motion seconded by Ken Turcotte Lot 72*

*Motion Approved*

### **Approval of 2016 AGM Minutes:**

Bob Lacey (President) queried for comments, questions or clarification regarding the 2016 AGM minutes. With no additional revisions required, Mr. Lacey then requested the approval of the minutes from October 20, 2016 Annual General Meeting.

*Motion that the minutes of the October 20, 2016 Annual General Meeting be accepted as presented*

*Moved by Richard Cherry Lot 75*

*Motion seconded by Darryl Melnychuk Lot 77*

*Motion Approved*

### **Treasurer's Report and Financials:**

Ben Gilchrist (Treasurer) communicated that upon dissolution of the Developer's Voting Trust and the election of Shareholder's as Board Member at the Mountain Shadow's Resort Owner's Corporation (MSROC) 2015 AGM, The MSROC Board has continued to transition the management and operations of the resort to the Owner's Association. The corporation's first active fiscal year (2016) was from May 01, 2016 thru April 30, 2017 and has adopted April 30 as its fiscal year end moving forward with a Corp filing date of October 31, 2017.

Mr. Gilchrist then proceeded to direct shareholder's attentions to the financial package and its components requesting that questions/comments be reserved till the end of the presentation. The following details were highlighted for review pointing out that there was a slight variance in results displayed between book keeping report and financials from Digby.

***2016 fiscal year budget – actuals – variances based upon book keeping results  
2016 financial statement which was completed by Digney & Co October 10, 2017  
2017 budget which was approved at 2016 AGM October 20, 2016  
2018 budget tabled for approval at 2017 AGM October 12, 2017  
2019 forecast tabled for review at 2017 AGM October 12, 2017***

Mr. Gilchrist then articulated the board's recommendation to apply a modest increase in owner's fees for the proposed budget versus 2017 and increase contingency contribution for 2018 to 10% from the current 5% contribution in 2017. Each line item in the budget was clarified and projection logic articulated to the shareholders. An explanation of Article 3.10 in the Co-Ownership Agreement – a motion carried at the 2016 AGM continued and announcement of engagement of Digney & Co to prepare qualified review engagement financial statements for MSROC. It was the Board's intention to provide completed qualified review engagement financial statements in advance of the AGM during the notice, however, statements were not completed. The Board acknowledges the requirement to provide concise and accurate financial information in a timely fashion and is confident the mandate is achievable in the very near future. Mr. Gilchrist again reiterated the numerous challenges during this transitional phase.

Question – Dominic Mara Lot 33 – would it make sense to issue a cash call in the immediate future to bolster the contingency fund versus the 10% model proposed?

Response – Ben Gilchrist (Treasurer) – however without knowing what are potential requirement time frames for infrastructure would be difficult to forecast amount per shareholder. 10% model allows for growth of fund while simultaneously making fee contributions palatable for all shareholders for the upcoming year. Will be reviewed each year when budgets are prepared.

Question – Joe Friedel Lot 35 – are funds allocated to contingency requirements housed in the same operating bank account?

Response – Ben Gilchrist (Treasurer) At this juncture in time the answer is yes. Objective per the bylaws is to open a second account specifically designed for this purpose in the very near future.

Question – Kalin Provin Lot 77 – can we increase the contingency fund contribution to achieve a larger reserve more rapidly?

Response – Ben Gilchrist (Treasurer) - The answer is yes – however- as conveyed to Mr. Mara the board feels we should move cautiously and review again in 2018.

Question – Chris Jensen Lot 56 – is the contingency reserve designed for capital improvement r&m only or can it be utilized for special projects as well (ie playground/amenities)?

Response – Ben Gilchrist (Treasurer) - At this juncture the answer is that we have to prioritize requirements and with limited funds to date ensure infrastructure stability. Board has pushed back on developer to provide life expectancy forecast and depreciation schedules for infrastructure.

Question – Curtis Graham Lot 58 – Consideration for kid's amenities must be a priority as MSR resort is deficient in this area.

Response – Ben Gilchrist (Treasurer) - We all agree, however, again these suggestions should be put to a committee for review and presentation to board for next year's AGM or Special Meeting.

Question – Dominic Mara Lot 33 – With the skill set of shareholder's in the facility could we not build this ourselves and save money as this is really needed.

Response – David Demchuk (Secretary) - We all agree that amenities are important – however- again these suggestions should be put to a committee for review and presentation to board for next year's AGM or Special Meeting. There are also insurance liability issues that must be considered to ensure the resort and its inhabitants are protected.

Question – Joe Friedel Lot 35 – Have we provisioned in the budget to allow for infrastructure reviews?

Response – Ben Gilchrist (Treasurer) In the upcoming budget the answer is no. Initial infrastructure review will be undertaken internally with the Resident Manager.

David Demchuk (Secretary) The board feels that these are items that should be addressed by the developer prior to the transition of the resort to MSROC. It is recommended to the new board that these studies be a requirement from the developer.

Question – Curtis Graham Lot 58 – This is definitely something that should be adopted and put forth in the very near future. Is there a strategy and timeline?

Response – Ben Gilchrist (Treasurer) We all agree – however- again these suggestions should be put to a committee for review and presentation to board for next year's AGM. In the spirit of adhering to the full agenda and prescribed timelines we need to move the meeting forward. Unless there are any questions regarding the financials or proposed budget for the upcoming year we should motion to accept.

*Motion to accept the 2017/2018 budget as presented*

*Moved by Ben Gilchrist Lot 61*

*Motion seconded by Richard Cherry Lot 75*

*Motion Approved*

### **Appointment of Auditor and Remuneration:**

Ben Gilchrist (Treasurer) communicated his recommendation to engage Digney & Co as the appointment of auditor to prepare qualified review engagement financial statements and handle bookkeeping duties.

*Motion to accept Digney & Co as auditors and approve remuneration as presented*

*Moved by Ben Gilchrist Lot 61*

*Motion seconded by Dominic Mara Lot 33*

*Motion Approved*

### **Election of Board of Directors:**

Bob Lacey (President) advised that the current directors were elected for a term of 1 year ending at this AGM. Mr. Lacey thanked all members for their hard work and service and indicated that 5 directors be elected for the upcoming term.

#### Directors

Bob Lacey	- Not standing for re election *
Gerry Hurtubise	- Standing for re election
Ben Gilchrist	- Standing for re election
Dave Demchuk	- Not standing for re election

- \*As past president will be an advisor to new board

#### Nominations for new Directors

<b>Ben Gilchrist</b>	<b>Lot 61</b>	<b>**</b>
Gerry Hurtubise	Lot 66	
<b>Paula Mills</b>	<b>Lot 56</b>	<b>**</b>
<b>Natasha Wilson</b>	<b>Lot 57</b>	<b>**</b>
<b>Jim Nix</b>	<b>Lot 13</b>	<b>**</b>
<b>Kalin Provin</b>	<b>Lot 77</b>	<b>**</b>
Dana Vatcher	Lot 62	

Eligible voters cast ballots and returned to Dave Demchuk (secretary) for tabulation. Count validated by Donna Grasely (Lot 59) and John McLean (Lot 37).

**\*\* indicates new directors for 2017/ 2018 term**

*Motion to accept the 2017/2018 directors for 1 year term as presented*

*Moved by Bob Lacey Lot 36*

*Motion seconded by show of voting cards*

*Motion Approved*

### **Bylaws and Policies:**

Bob Lacey (President) outlined the Board's desire to review in detail the Co-Ownership agreement and Resort Bylaws including Construction Standards. In order to effectively accomplish this task shareholder's need to get involved with the Board in defining resort rules and regulations. The board puts for the following sub committee to review the aforementioned and make recommendations to the board for presentation at next year's AGM. Committee members as follows:

Chris Jensen	Lot 56
Richard Cherry	Lot 75
Earl Grasely	Lot 59
Henry Ridders	Lot 1
Camilo Blanco Reyes	Lot 67
Gerry Hurtubise	Lot 66

*(Post meeting note: Gerry Hurtubise volunteered for the Bylaw Committee after not being elected as a director)*

*Motion to accept the 2017/2018 sub committee members for 1 year term as presented*

*Moved by Ben Gilchrist Lot 61*

*Motion seconded by Dan Gregory Lot 55*

*Motion Approved*

### **Special Project Committee:**

Bob Lacey (President) outlined the Board's desire to examine in detail amenities and projects that may benefit the resort. In order to effectively accomplish this task, the shareholder's need to get involved with the Board in defining resort opportunities. The board puts for the following sub committee to review the aforementioned and make recommendations to the Board and shareholders.

Committee members as follows:

Dominic Mara	Lot 33
Curtis Graham	Lot 58
Tina Slapa	Lot 121
Jessica Gregory	Lot 55
Tara Habash	Lot 120
Anna Blanco-Reyes	Lot 67

*Motion to accept the 2017/2018 sub committee members for 1 year term as presented*

*Moved by Ben Gilchrist Lot 61*

*Motion seconded by Gerry Hurtubise Lot 66*

*Motion Approved*

### **Insurance Review:**

Gerry Hurtubise (Vice President) outlined the insurance policies currently in place through the appointed broker Westland Insurance Group Ltd. The master policy underwritten is underwritten by Northbridge General Insurance Company and covers property and general liabilities for the resort. In addition, The D&O coverage underwritten by Premier Canada covers the Directors and Officers of the Association. The Board has recommended that a complete review of all policies is undertaken with our broker in the very near future. In addition, the board recommends that the broker provide a detailed presentation of all policies at next year's AGM.

Question – Joe Friedel Lot 35 – Does our current D&O policy cover directors and officers adequately?

Response - David Demchuk (Secretary) Current policy has a max aggregate liability limit of \$5 million. The current board feels that all policies should be reviewed by the new board in conjunction with the broker to ensure all potential areas of exposure have been reviewed and discussed. It is recommended to the new board that as MSROC continues to evolve this process would be an annual requirement.

*Motion to accept the insurance review as presented*

*Moved by Jessica Gregory Lot 55*

*Motion seconded by Darryl Melnychuk Lot 77*

*Motion Approved*

### **New Business:**

Bob Lacey (President) outlined the Board's challenges over the last couple years in transitioning the resort's operation from the developer. He recognized Ben Gilchrist (Treasurer) for his dedication and commitment in transitioning the financial transition. Identified several outstanding issues with current shareholders and the developer and provided an open forum at the conclusion of the AGM to have them itemized and communicated to the new board. Mr. Lacey reiterated the fact that the board tries to act as

an impartial intermediary between the developer and purchaser attempting to ensure the best interests of MSROC and its shareholders remain the focus. This has and will continue to be a challenge for subsequent boards.

**New Development:**

Bob Lacey (President) outlined recent communication from the developer regarding future development at the resort. To date 18 new lots in the northwest corner of the resort lands have begun preliminary development with completion dates scheduled for Spring of 2018. Speculation of further development above phase 2 could not be verified at the time of this AGM however upon confirmation will be communicated to shareholders.

Question – Henry Ridders Lot 1 – Does the board have the ability to limit the number of trees removed by the developer. Certain areas look like gravel pits?

Response- Bob Lacey (President) One of the mandates put forward to the new board is to continue the relationship with the developer and create a forum for these types of concerns and champion the interests and concerns of the shareholders to the developer.

Question – Curtis Graham Lot 58 – Communication to shareholders is paramount. The new board should consider a position of Communication Director?

Response – Ben Gilchrist (Treasurer) Communication is critical – currently the position on the board does not exist but is something the new board will definitely consider incorporating.

Ben Gilchrist (Treasurer) communicated special recognition for the contribution made by outgoing president Bob Lacey thanking him for his dedication and commitment over the past several years. Met with a loud round of applause by all share holders in attendance.

Bob Lacey (President) communicated date and time of the next Annual General Meeting.

**October 28, 2018 13:00 pm**  
**Alexandria Centre Society (Dance Hall)**  
**922 9<sup>th</sup> Avenue SE, Calgary, Alberta**

*Motion that the AGM be adjourned by Bob Lacey Lot 36*

*Moved by Natasha Wilson Lot 57*

*Motion seconded by Earl Grasely Lot 58*

*Motion Approved*

*Meeting Adjourned Thursday October 1, 2017 21:11pm*



TO: MSROC Shareholders

November 23, 2018

RE: 2018 Letter from the President

Dear Shareholders,

I would like to take this opportunity to fill you in on the activities of the Board of Directors of Mountain Shadows Resort Owners' Corporation MSROC for 2018. The Board has met every three weeks from October 2017 to August 2018. Frequency of the meetings was then increased to approximately every two weeks, and, finally the meetings were increased to once per week leading up to the AGM.

In December 2017, MSROC was named in a civil claim filed against companies associated with the developer pertaining to loans taken by him for another of his developments. The civil claim was successfully discharged in January 2018 at no cost to MSROC.

As per the direction given at last year's AGM, the Special Projects Committee and the Bylaws Committee began meeting to establish their priorities and direction for 2018. We were pleased that in conjunction with Special Projects, we provided community events on each long weekend of the camping season.

In March 2018, the Resort welcomed Whitetail Estates as part of Mountain Shadows R.V. Resort. Fourteen MSROC shares, comprising the fourteen sites in Whitetail Estates, were sold by the developer. This effectively makes the mobile home park part of the R.V. Park subject to the yearly fees and bylaws of Mountain Shadows Resort.

Through March and April 2018, a new protocol and handbook was developed for those wishing to rent out their sites. It is important to the Board to have contact information for those staying in the park in case of vandalism, theft or emergency. The forms and handbook are available on our new website.

During the spring, it became clear there was ambiguity on the correct process to transfer sites from existing shareholders to new owners. A great deal of time was spent through the summer to develop a new protocol for share transfer. This new transfer protocol was made available in September. There are a number of open transfers on which we are working hard to finalize as this letter is being written.

Effective November 1, 2018, MSROC has changed legal representation to eliminate the risk of conflict of interest as our previous law firm was the same law firm employed by the developer. The firm of Lawson Lundell LLP has been retained as our new legal representative.

As President, I would like to thank the Board members and Committee members for their hard work and hours spent to make 2018 a successful year for MSROC.

A handwritten signature in dark ink, appearing to read "Jim Nix", is written over a horizontal line.

Jim Nix, President, MSROC

Statement of Values

Named Insured: Mountain Shadow Resort Owners Corporation

Mailing Address: 301 Auburn Crest Way SE

<u>Loc #</u>	<u>Location Name</u>	<u>Address</u>	<u>City</u>	<u>Postal Code</u>	<u>Building</u>	<u>Contents</u>	<u>Business Interruption</u>
001	Common Washrooms & Laundry Facility	8523 Eacrett Rd	Radium Hot Springs,	V0A1M0	\$158,311	\$11,556	\$0
002	Community Room	8523 Eacrett Rd	Radium Hot Springs,	V0A1M0	\$57,783	\$0	\$0
003	Maintenance Garage	8523 Eacrett Rd	Radium Hot Springs,	V0A1M0	\$105,060	\$10,506	\$0
004	Water Facility Bulding #1	8523 Eacrett Rd	Radium Hot Springs,	V0A1M0	\$7,354	\$13,658	\$0
005	Water Facility Building #2	8523 Eacrett Rd	Radium Hot Springs,	V0A1M0	\$5,253	\$0	\$0
006	Water Facility Building #3	8523 Eacrett Rd	Radium Hot Springs,	V0A1M0	\$2,627	\$1,156	\$0
007	Water Storage Building	8523 Eacrett Rd	Radium Hot Springs,	V0A1M0	\$20,600	\$4,429	\$0
008					\$0	\$0	0
009					\$0	\$0	\$0
010					\$0	\$0	\$0
011					\$0	\$0	\$0
012					\$0	\$0	\$0
013					\$0	\$0	\$0
014					\$0	\$0	\$0
015					\$0	\$0	\$0
					\$356,988	\$41,305	\$0

I hereby certify that the values given herein represent to the best of my knowledge, and belief the replacement cost of the property described.

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

105 Adelaide Street West, Suite 700  
Toronto, Ontario, M5H 1P9  
1.855.620.6262 | [www.nbins.com](http://www.nbins.com)

Dear valued customer,

Thank you for choosing Northbridge Insurance to protect your business. As we approach time for your renewal, we want you to know how much we value your past business.

You might think insurance is all about products, policies and paperwork. But to us, it's more about the promise we make to our customers – the promise that we'll be there to take care of you when you need us most. We believe that building long-standing relationships with our customers and broker partners is the foundation of long-term success.

When you chose us, you chose a partner with specialized expertise you can count on to meet your unique insurance needs. We hope you never experience a loss; but in the event you do, together with your broker, we'll work hard to help get you back to business as quickly as possible. Our commitment is simple: We promise to handle your claim efficiently and fairly.

Included, you'll find your Northbridge Insurance policy. We recommend you review this document carefully and contact us or your broker if you have any questions.

We've also enhanced the additional benefits that are included as part of your policy:

- Legal Expense Insurance<sup>1</sup> replaces Legal Assist, and provides both unlimited telephone access to general legal advice and up to \$50,000 in coverage of legal defense costs. To access the service, call 1.855.845.5392.
- You now have access to our Risk Management Assist<sup>2</sup> service, which can provide guidance and answer questions on loss prevention to help you identify and mitigate potential risks to your business. To access the service, call 1.855.620.6262.

To learn more about Northbridge Insurance, we invite you to visit our website at [www.nbins.com](http://www.nbins.com) or follow our Twitter conversation, @northbridgeins.

Again we thank you for your business, and look forward to insuring your continued success.

Yours sincerely,



Silvy Wright  
President & CEO  
Northbridge

# Business Choice<sup>®</sup> Policy



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## Broker

Name: **Westland Insurance Group Ltd.**  
Address: **27 - 10 Avenue S  
Cranbrook, BC, V1C 2M9**  
Agency: **6200363**

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## Insured

Name: **Mountain Shadows Resort Owners' Corporation**  
Address: **PO Box 412  
Radium Hot Springs, BC, V0A 1M0**

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## Policy

Number: **CBC 1943085 02**  
Effective: **July 1, 2018**  
Expiry: **July 1, 2019**

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# Business Choice



The Business Choice Policy offers comprehensive insurance coverage for your business.

The Business Choice Policy provides broad coverages that go above and beyond ordinary business requirements in one clear, easy to understand policy. If your Declarations Page shows as 'Covered' for any of the following Parts, the following highlight coverage for each Part.

## Coverage Summary – Part I, II and VI

Policy		
Code of Consumer Rights and Responsibilities		30 day Cancellation Clause
Global Deductible Clause		
<b>Part I – Property</b>	If Part I selected	<b>Part I – Extensions of Coverage, continued:</b>
Replacement Cost with Same Site Clause amended		ff. Furs, Fur Garments, Jewels and Jewellery \$5,000
Sewer Backup (subj. min. \$2,500 deductible)	Included	gg. Environmental Upgrade Lesser of 25% of total direct loss or \$25,000
<b>Equipment Breakdown</b>		hh. Deferred Payment Plan (Stock) \$50,000
Comprehensive coverage for pressure vessels including:		ii. Brands and Labels \$100,000
Ammonia contamination	\$100,000	jj. Top-Up Extension \$50,000 aggregate
Hazardous substance	\$100,000	kk. Extra Expense / Expediting Expense \$50,000
Water damage	\$100,000	ll. Product Recall Expense \$25,000
<b>Extensions of Coverage</b>		mm. Cyber Event Expense \$25,000
a. Newly Acquired or Constructed Buildings (90 Day Reporting)	\$1,000,000	<b>Part II – Business Income Coverage</b>
b. Newly Acquired Business Personal Property (90 Day Reporting)	\$500,000	<b>Extensions of Coverage</b>
c. Personal Effects (including volunteers)	\$2,500 per person / \$25,000 per policy year	a. Retailers Product Impairment \$10,000
d. Accounts Receivable	\$100,000	b. Contingent Business Income \$25,000
e. Valuable Papers	\$100,000	c. Off Premises Heat, Power, Gas, Water or Communication Services \$25,000
f. Property Off-Premises	\$25,000	d. Accountants Fees \$25,000
g. Property in Transit	\$25,000	e. Civil Authority 30 days
*Parcel Post	\$10,000	f. Newly Acquired Locations \$250,000
h. Growing plants, lawns, trees, shrubs and Flowers	\$10,000 per occurrence	g. Non Owned Heat, Power, Gas, Water or Communication Services \$25,000
i. Glass (excluding stained glass)	Included	h. Mortgage Rate Guarantee \$25,000
j. Debris Removal	Lesser of up to 25% of the loss amount / \$50,000	i. Fines, Damages or Penalties for Breach of Contract \$25,000
k. Removal of Windstorm Debris	\$50,000	j. Negative Publicity \$10,000 (48-hour waiting period)
l. Pollutant Cleanup and Removal	\$50,000	k. Outbreak Extra Expense \$10,000
m. Fire Department Service Charges	\$50,000	<b>Part VI – Crime</b>
n. Protection of Property	up to 30 days	If Part I or Part VI selected
o. Fine Arts	\$25,000	Money & Securities \$10,000
p. Building Damage by Theft	\$10,000	Employee Dishonesty \$10,000
q. Professional Fees	10% of total loss; subject to max. \$100,000	Credit Card Forgery, Forgery or Alteration, Money Order and Counterfeit Paper Currency, and Computer Fraud and Funds Transfer Fraud \$10,000 per coverage
r. Automatic Fire Suppression System Recharge Expenses	\$25,000	<b>Extensions of Coverage</b>
s. EDP Equipment, Data and Media Breakdown	\$50,000	a. Professional Fees 25% of the loss / max. \$10,000
t. Automatic Inflation Adjustment	Included	b. Third Party Employee Dishonesty \$5,000
u. Consequential Loss (on/off premises)	\$50,000	
v. Building By-Laws	Included	
w. Installation Floater	\$25,000	
x. Peak Season	25% on Stock	
y. Tenants' Leasehold Interest - Rents	\$10,000	
z. Property of Tenants or Registered Guests of A Hotel or Apartment or Members, Guests and Residents of Health Care Facilities	\$1,000 per occurrence / \$5,000 aggregate	
aa. Roadways, walkways, and Parking Lots	\$50,000	
bb. Outdoor property	\$25,000	
cc. Master Key Coverage	\$10,000	
dd. Condominium Unit Coverage		
*Loss Assessment	\$10,000	
*Contingent Building Coverage	\$25,000	
ee. Rewards	\$10,000	

The information stated above is only a summary of the applicable Limits of Insurance in the Policy and will not be interpreted as increasing, modifying or varying any other terms or Limits of Insurance specified in the Coverage Schedule. In the event of any inconsistency between the information set in this summary and the Coverage Schedule, the Coverage Schedule will govern.

# Business Choice

The Business Choice Policy offers comprehensive insurance coverage for your business.

The Business Choice Policy provides broad coverages that go above and beyond ordinary business requirements in one clear, easy to understand policy. If your Declarations Page shows as 'Covered' for any of the following Parts, the following highlight coverage for each Part.



## Coverage Summary – Part III and IV

Policy	
Code of Consumer Rights and Responsibilities	30 day Cancellation Clause
Global Deductible Clause	
<b>Part III – Commercial General Liability</b>	
If Part III selected	
All Risks Tenants' Legal Liability (blanket all locations)	\$500,000
Medical Payments	\$25,000 per person
Employee Benefits	\$1,000,000
Fungi and Spores Liability	\$250,000
Products and Completed Operations Aggregate	
Personal and Advertising Injury Liability	
General Aggregate	
Contingent Employers Liability	
Contractual Liability	
Incidental Medical Malpractice	
Automatic Coverage for Newly Acquired Subsidiaries (90 Day Reporting)	
Separation of Insureds, Cross Liability	
Broad Form Property Damage	
Broad Form Completed Operations	
Employees and "volunteer workers" and unit owners of condominiums as Additional Insureds	
Blanket Additional Insureds (as required by contract)	
Pollution Exclusion with Hostile Fire Exception (includes accidental discharge of fuels or lubricants from mobile equipment)	
<b>Part IV – Non-Owned Automobile</b>	
If Part IV selected	
S.P.F. No.6 – Standard Non-Owned Automobile Policy	
SEF #94 Legal Liability For Damage To Hired Automobiles Endorsement	\$75,000 any one accident
SEF #96 Contractual Liability	
SEF #99 Excluding Long Term Leased Vehicles	
OEI #98B (for Ontario Risks)	

The information stated above is only a summary of the applicable Limits of Insurance in the Policy and will not be interpreted as increasing, modifying or varying any other terms or Limits of Insurance specified in the Coverage Schedule. In the event of any inconsistency between the information set in this summary and the Coverage Schedule, the Coverage Schedule will govern.

## Coverage Summary – Part IX

If your Declarations Page shows as 'Covered' for any of the following Parts, the following highlight coverage for each Part.

<b>Part IX – Inland Marine</b>	
<b>Contractors' Equipment</b>	<b>If Contractors' Equipment Selected*</b>
<b>*Extensions of Coverage</b>	
a. Newly Acquired Equipment	25% of limit or \$250,000
b. Rental Reimbursement	\$50,000
c. Rental Equipment Coverage	\$50,000
d. Debris Removal	25% plus additional \$5,000
e. Fire Department Service Charges	\$25,000
f. Rewards	\$10,000
g. Equipment Leased or Rented to Others	Included
h. Replacement Cost	Included up to 3 years
i. Loss of Income	\$25,000
<b>Installation Floater</b>	<b>If Installation Floater Selected*</b>
<b>*Extensions of Coverage</b>	
a. Transit	\$50,000
b. Storage Locations	\$50,000
c. Difference in Deductible	\$50,000
d. Testing	\$10,000
e. Sewer and Road Extension	Included
f. Debris Removal	\$10,000
g. Pollutant Cleanup and Removal	\$10,000
h. Contract Penalties	\$10,000
i. Rewards	\$10,000
<b>Motor Truck Cargo – Carriers</b>	<b>If Motor Truck Cargo - Carriers Selected*</b>
<b>*Extensions of Coverage</b>	
a. Defence Costs	Included
b. Temperature Control Apparatus Breakdown Extension	Included
c. Contingent Property Coverage	\$25,000
d. Cleanup Expense	\$10,000
e. Freight Charges	\$10,000
<b>Motor Truck Cargo – Owners</b>	<b>If Motor Truck Cargo - Owners Selected*</b>
<b>*Extensions of Coverage</b>	
a. Temperature Control Apparatus Breakdown Extension	Included
b. Terminal Coverage	Included
c. Cleanup Expense	\$10,000
d. Pairs, Sets and Parts	Included
e. Brands and Labels	Included

The information stated above is only a summary of the applicable Limits of Insurance in the Policy and will not be interpreted as increasing, modifying or varying any other terms or Limits of Insurance specified in the Coverage Schedule. In the event of any inconsistency between the information set in this summary and the Coverage Schedule, the Coverage Schedule will govern.

# Cyber Risk: Is your business prepared for a privacy breach?



## Privacy breach and Cyber Risk

Privacy breaches are emerging as a common threat for all businesses, making it more important than ever for companies to take proactive steps to safeguard their customers' information. Yet, only 31% of Canadian companies have guidelines in place should a privacy breach occur\*. That's why we have partnered with CyberScout to provide you with latest comprehensive and innovative offering, Cyber Risk† coverage.

In addition to insurance protection, Cyber Risk also offers pre and post breach services to help minimize the occurrence of a privacy breach and provide expert assistance should one occur.

In the unfortunate event of a breach, CyberScout's experts are ready to help you quickly develop a clear breach response strategy and incident management plan. Based on the loss incident and data exposure risk, CyberScout can also help determine the need for call handling and remediation alternatives to alert victims to potential problems and aid the early resolution of identity fraud.

Our new Cyber Risk coverage is the right solution to help safeguard your customers. If a breach does occur, you have the peace of mind of knowing you have the coverage needed to pay for certain response expenses and the confidence that support services are available to help you quickly restore your customers' trust and business reputation.



## Reporting a breach

In the first instance, please contact the Northbridge Insurance Claims team at **1.855.621.6262**. Our trained representatives will provide further guidance and connect you with CyberScout for Privacy Breach Support Services, where applicable.

Privacy Breach Support Services from CyberScout for Cyber Risk coverage holders include:

- Incident response plan
- Crisis Management
- Notification Assistance
- Media Relations consulting

CyberScout can also provide the following additional services:

- Toll free number to CyberScout's Resolution Center
- Call handling
- Assistance placing fraud alerts
- Fraud resolution services
- Investigative and forensic services

These additional services are not part of the Cyber Risk coverage, and may be purchased directly from CyberScout in the unfortunate case you suffer a data breach.

## Additional Support

For more information on how you can protect your business from cybercrime, visit [www.nbins.breachresponse.ca](http://www.nbins.breachresponse.ca), where you will find additional tools and guidance. To access the site, please use the following login details.

USERNAME: NBINS\_CYBER  
PASSWORD: CyberRisk123





## Everything your business needs—and more

Northbridge Insurance Go<sup>™</sup> is more than an insurance policy. With Legal Expense Insurance and our Assist services, you get added peace of mind when it comes to protecting what you've worked so hard to build—all included at no additional cost.

### Legal Expense Insurance

As a business owner, you can face legal risks on a daily basis—from hiring staff to disputes with clients or suppliers.

Legal Expense Insurance<sup>1</sup>, included with your *Northbridge Insurance Go* policy, helps to cover costly legal expenses arising from issues like these.

You also get unlimited telephone access to general legal advice to discuss legal matters related to your business.

You have coverage for up to \$50,000 of your legal costs associated with:

- Employment Disputes
- Legal Defense
- Contract Disputes and Debt Recovery
- Statutory License Protection
- Property Protection
- Bodily Injury

You have coverage for up to \$25,000 of your legal costs associated with Tax Protection.

Refer to the attached policy wording for coverage details.

To access telephone advice or initiate a Legal Expense claim, call **1.855.845.5392**.

### Our Assist Services

#### Risk Management Assist<sup>TM2</sup>

Gives you free telephone access to our team of Risk Services specialists, who can answer questions and provide guidance on a variety of property, auto and liability loss prevention topics to help you avoid risk and potential losses.

Covers topics such as:

- Fire Detection and Suppression Systems
- Crime and Vandalism
- Building Security
- Contractors Liability
- Products Liability
- Operations Hazards
- Driver Hiring and Training

For more information call **1.855.620.6262**.

#### Trauma Assist<sup>3</sup>

Offers confidential 24-hour counselling to help you and your employees cope with the emotional effects of a traumatic loss. Includes access to personal, one-on-one telephone or in-office counseling. Critical Incident Stress Management is also available for groups. Services are provided by independent third-party professionals and confidentiality is strictly maintained.

Covers traumatic losses such as:

- Large Fires
- Robbery
- Serious Workplace Injury
- Death

If you've suffered a traumatic loss, our Claims team will provide a referral for Family Services Employee Assistance Programs.

**Northbridge General Insurance Corporation**

**Declaration Page**

<b>Agency:</b> Westland Insurance Group Ltd.	<b>Agency Number:</b> 6200363		
<table style="width:100%;"> <tr> <td style="width:50%; vertical-align: top;"> <b>Insured's Name and Address</b>  Mountain Shadows Resort Owners' Corporation  PO Box 412  Radium Hot Springs,  BC, V0A 1M0 </td> <td style="width:50%; vertical-align: top;"> <b>Policy Number :</b> CBC 1943085 02   <b>Policy Effective Date :</b> July 1, 2018  <b>Policy Expiry Date :</b> July 1, 2019  <small>(12:01 a.m. Standard Time at Insured's Mailing Address)</small> </td> </tr> </table>		<b>Insured's Name and Address</b> Mountain Shadows Resort Owners' Corporation PO Box 412 Radium Hot Springs, BC, V0A 1M0	<b>Policy Number :</b> CBC 1943085 02  <b>Policy Effective Date :</b> July 1, 2018 <b>Policy Expiry Date :</b> July 1, 2019 <small>(12:01 a.m. Standard Time at Insured's Mailing Address)</small>
<b>Insured's Name and Address</b> Mountain Shadows Resort Owners' Corporation PO Box 412 Radium Hot Springs, BC, V0A 1M0	<b>Policy Number :</b> CBC 1943085 02  <b>Policy Effective Date :</b> July 1, 2018 <b>Policy Expiry Date :</b> July 1, 2019 <small>(12:01 a.m. Standard Time at Insured's Mailing Address)</small>		
<b>Form of Business:</b> Corporation <b>Description of Operations:</b> RV Home Owners Association			

Insurance is provided only for those coverages for which a specific limit/amount of insurance or premium is stated below:

Summary of All Locations	Limit of Liability*	Deductible* (per occurrence)	Annual Premium*
<b>Part I - Property</b>			
Coinsurance: See Coverage Schedule			
Building	\$356,988	see schedule	Included
Business Personal Property	\$41,305	\$1,000	Included
Equipment Breakdown	\$398,293	\$1,000	Included
Chargeable Endorsements	none	none	N/A
<b>Part II - Business Income Coverage</b>	Actual Loss Sustained	as per policy	Included
Chargeable Endorsements	see schedule of coverages	see schedule of coverages	Included
<b>Part III - Commercial General Liability</b>			
Each Occurrence	\$5,000,000	\$1,000 PD	Included
General Aggregate	\$5,000,000		Included
Chargeable Endorsements	none	none	N/A
<b>Part IV - Non-Owned Auto</b>	\$2,000,000	as per policy	Included
Legal Liability for Damage to Hired Automobiles	\$75,000	\$1,000	Included
<b>Part V - Umbrella</b>			
Each Occurrence	not covered	not covered	not covered
Aggregate		not covered	not covered
Chargeable Endorsements	none	none	N/A
<b>Part VI - Crime</b>	see schedule of coverages	see schedule of coverages	Included
<b>Part VII - Automobile</b>	not covered	not covered	not covered
<b>Part VIII - Additional Coverages</b>	see schedule of coverages	see schedule of coverages	Included
<b>Part IX - Inland Marine</b>	see schedule of coverages	see schedule of coverages	Included

\* For Limits of Liability and Annual Premium applicable to each location, see attached Coverage Schedule.

Premium (Sub Total) :	\$3,096
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Method of Payment : Refer to Billing Invoice

**Part I & II Coverage Schedule**  
(attached to and forming part of the Declaration Page)

<b>Location #1 :</b> 8523 Eacrett Road Radium Hot Springs, BC, V0A1M0 <b>Co-Insurance :</b> 90 %				
Coverage		Aggregate Liability Limit	Deductible	Annual Premium
Building		\$356,988	\$1,000	Included
Business Personal Property		\$41,305	\$1,000	Included
Breakdown of Business Personal Property:				
Equipment \$41,305				
Equipment Breakdown		\$398,293	\$1,000	Included
Business Income - Actual Loss Sustained				Included
Period of Indemnity: 18 Months				
Sewer Backup			\$2,500	Included
Free Form Endorsements - Part I				Included
CBC 100	Earthquake		5% \$50,000	Included
CBC 101	Flood		\$10,000	Included
CBC 215	Actual Loss Sustained			Included

**Part III - Commercial General Liability Schedule**  
(attached to and forming part of the Declaration Page)

**Commercial General Liability**

Limits of Insurance	
Each Occurrence Limit	\$5,000,000
Personal & Advertising Injury Limit	\$5,000,000
Products - Completed Operations Aggregate Limit	\$5,000,000
General Aggregate Limit	\$5,000,000
Property Damage Deductible	\$1,000
Bodily Injury Deductible	
Combined Property Damage & Bodily Injury Deductible	

**CHARGEABLE EXTENSIONS AND ENDORSEMENTS:**

Coverage	Limits of Insurance	Deductible	Premium
Tenants' Legal Liability	\$500,000	\$1,000	Included
Medical Payments	\$25,000		Included
Employee Benefits		\$1,000	Included
Each Occurrence Limit	\$1,000,000		
Aggregate Limit	\$1,000,000		

**ENDORSEMENTS:**

CBC 301 Voluntary Compensation Benefits  
 CBC 361 Employers Liability

**Part IV - Non Owned Automobile Liability Schedule**  
(attached to and forming part of the Declaration Page)

**Non Owned Automobile Liability**

Limits of Liability	\$2,000,000
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**CHARGEABLE ENDORSEMENTS:**

Coverage	Limit of Liability	Deductible	Premium
SEF #94 Legal Liability For Damage to Hired Autos	\$75,000	\$1,000	Included

**Part VI - Crime Schedule**  
(attached to and forming part of the Declaration Page)

Coverage	Limit of Liability	Deductible	Premium
Employee Dishonesty	\$10,000		Included
Money and Securities	\$10,000		Included
Professional Fees	\$10,000		Included
Third Party Employee Dishonesty	\$5,000		Included
Forgery or Alteration	\$10,000		Included
Money Orders & Counterfeit Paper Currency	\$10,000		Included
Credit Card Forgery	\$10,000		Included
Computer Fraud and Funds Transfer Fraud	\$10,000		Included

**Free Form Endorsements**  
(attached to and forming part of the Declaration Page)

**Endorsement 1**

**Description:** INSURED'S NAME  
**Applicable to:** Policy

**Text:** IT IS HEREBY UNDERSTOOD AND AGREED THE INSURED'S NAME IS TO READ Mountain Shadows Resort Owners' Corporation

**Endorsement 2**

**Description:** Extension – Co-insurance Clause Not Applicable To Building E  
**Applicable to:** Part I

**Text:** This Endorsement is attached to, forms part of and modifies insurance provided under **Part I - Property Insured** of CBC 001, and is subject to the definitions, exclusions, provisions, and conditions of **Part I - Property Insured**.

**SECTION**

**1. AMENDED CO-INSURANCE CLAUSE**

**Part I, Section 4. CO-INSURANCE CLAUSE** is deleted in its entirety and replaced with the following:

**4. CO-INSURANCE CLAUSE**

Clause (d):

- (i) ☐ applies separately to each item for which a co-insurance percentage is specified on the "schedule" and only where the amount of loss or damage exceeds the lesser of 5% of the applicable limit of liability or \$100,000;
  - (ii) ☐ does not apply to Building(s) insured under **Part I, Section 2. INSURED PROPERTY (a) Building(s);** and
  - (iii) ☐ does not apply if Property of Every Description has been specified on the "schedule".
- (a) ☐ We agree to not apply clause (d) to each item for which a co-insurance percentage is specified on the "schedule" if:
- (i) ☐ (1) ☐ you provide us with a signed Statement of Values within 60 days of the inception date of each policy period; or
  - (2) ☐ you provide us with a signed Statement of Values after 60 days of the inception of the policy period of this term;
  - (ii) ☐ such Statement of Values is fully completed showing an amount of insurance for each item for each "scheduled risk location";
  - (iii) ☐ the amount of insurance specified on the "schedule" is not less than the amount of insurance shown on the Statement of Values for each applicable item; and
  - (iv) ☐ each amount of insurance shown on the Statement of Values is acceptable to us. If we do not respond to you or your agent within 30 days of receipt of such Statement of Values then it will be deemed to have been accepted by us for the purpose of not applying clause (d).

However, clause (d) will apply if you fail to comply with all of the conditions of clause (a).

- (b) The date that clause (a) becomes effective is the day after the receipt by us of the Statement of Values. However if clause (a)(i)(1) applies then the effective date of clause (a) is the inception date of the policy period of this term.
- (c) ☐ If all of the conditions of clause (a) have been complied with then we agree to not apply clause (d) to items at "scheduled risk location(s)" added to the Policy after inception of the policy period of this term without the need to provide us with a revised Statement of Values.
- (d) ☐ You will maintain insurance concurrent with this Part on the insured property to the extent of at least the amount produced by multiplying the "replacement cost" value of the property by the co-insurance percentage specified on the "schedule". If you fail to do so, you will be entitled to recover only that portion

**Free Form Endorsements**  
**(attached to and forming part of the Declaration Page)**

of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required to be maintained by this clause.

In the event that settlement is made on the valuation basis of "actual cash value" as provided for in **Part I, Sections 10. VALUATIONS** and **11. Replacement Cost Basis of Settlement Provisions**, then "actual cash value" shall be substituted for the term "replacement cost" value in this **Part I, Section 4. Co-insurance Clause**.

All other terms and conditions remain unchanged.

**Limit:**

**Deductible:**

**Additional / Return Premium:**

Included

**Part VIII Additional Coverages Schedule - Cyber Risk (CBC 899)**  
(attached to and forming part of the Declaration Page)

**Policy Period:**                      **Effective Date:**              July 1, 2018  
   **Expiry Date:**              July 1, 2019

**Cyber Risk Policy**  
**Aggregate Limit :**                      \$50,000

**Premium:**                              \$105 Annual

Coverage	Limit of Liability*	Deductible	Premium
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**First Party Insuring Agreements**

a) Incident Response Expenses	\$50,000	\$1,000	Included
b) Digital Asset Expenses	\$50,000	\$1,000	Included
c) Business Interruption	\$50,000		Included
Waiting Period: 24 Hours			
d) E-Commerce Extortion Expenses	\$5,000		Included

\*The Limit of Liability shown per Coverage is per occurrence and in the aggregate for that coverage.

**Part IX Coverage Schedule**  
(attached to and forming part of the Declaration Page)

Coverage	Aggregate Liability Limit	Deductible	Annual Premium
CBC 9105 Contractors Equipment	\$25,000		Included

**Part IX Coverage Schedule**  
(attached to and forming part of the Declaration Page)

**Coverage: Contractors Equipment**

**Catastrophe Limit of Liability:**

**Replacement Cost:** 3 years

Item	Description of Property	Self-powered	Limit	Deductible	Rate	Premium
1	1988 Case 580 Backhoe		\$25,000	\$1,000	2%	Included

*Any limit of liability specified in this schedule is subject to and not in addition to the Aggregate Liability Limit as referenced in Part IX coverage schedule.*



## D & O – EXTRA SMART

### DECLARATIONS PAGE

<b>PURPOSE OF THIS DOCUMENT:</b> RENEWAL BUSINESS	<b>PREVIOUS NO.</b> DP00161	<b>DOCUMENT NO.</b> DP00161-03
<b>NAMED INSURED AND POSTAL ADDRESS</b> MOUNTAIN SHADOWS RESORT OWNERS CORPORATION PO BOX 412 RADIUM HOT SPRINGS, BC V0A 1M0	<b>AGENT OR BROKER</b> WESTLAND INSURANCE GROUP LTD 300, 535 VICTORIA AVE. N. CRANBROOK, BC V1C 6S3	
<b>PERIOD OF INSURANCE</b> 12:01 A. M. STANDARD TIME AT THE "COVERED LOCATION(S)" SHOWN BELOW	<b>FROM</b> DAY MONTH YEAR <b>TO</b> DAY MONTH YEAR 1 7 2018 1 7 2019	
<b>DESCRIPTION OF OPERATIONS:</b> OWNERS ASSOCIATION FOR RV SITES		<b>INDUSTRY CODE:</b>
<b>LOCATION OF RISK:</b> C/O BEN GILETRIST, 301 AUBURN CREST WAY SE CALGARY, AB T3M 1T2		No. ► 1

INSURANCE IS PROVIDED ONLY FOR THOSE COVERAGES FOR WHICH A SPECIFIC LIMIT OF INSURANCE IS SHOWN – ON TERMS AND CONDITIONS CONTAINED IN THE FORMS INDICATED.

### D & O EXTRA SMART – Policy Schedule

<b>MAXIMUM AGGREGATE LIABILITY LIMIT</b>	\$5,000,000	<b>PREMIUM:</b>	<b>\$2,000.00</b>
<b>BASIC COVERAGE</b>	LIMIT	DEDUCTIBLE	
A. Directors & Officers	Included	Nil	
B. Company/Entity Liability	Included	\$5,000 For Private Companies	
<b>ADDITIONAL COVERAGE</b> (within maximum aggregate liability limit)			
Pollution Defense Costs	\$100,000	Nil	
Fiduciary Liability	\$100,000	\$5,000	
Spousal Extension	Included	Nil	
<b>TERRITORY</b>	Worldwide		
<b>PRIOR AND PENDING LITIGATION DATE</b>	JULY 1, 2016		
<b>POLICY FORMS:</b>			
Form #S70261 – D&O Complete Solution (Rev. February 14, 2014)			
<b>ENDORSEMENTS:</b>			
Form #S72062 - D&O Extra Smart (Rev. October 28, 2016) includes			LIMIT
• Key Person Recruitment Benefit			\$25,000
• Kidnap Reimbursement Expenses			\$100,000
• Crisis Management Services Expenses			Included
• Kidnap Resultant Death Benefit			\$10,000
▪ Additional Expense Limit (outside of policy limit) for Insured Persons in the event of exhaustion of limits by Named Insured			\$100,000

**INSURANCE MANAGER:** Premier Canada Assurance Managers Ltd., 625 Howe Street, Suite 300, Vancouver, B.C. V6C 2T6

### THIS DOCUMENT CONTAINS CLAUSES WHICH MAY LIMIT THE AMOUNT PAYABLE

IN WITNESS WHEREOF THIS DOCUMENT HAS BEEN SIGNED, AS AUTHORIZED BY THE INSURER, BY

Per 

**PREMIUM TOTAL (All Coverages) ► \$2,000.00**


**MINIMUM RETAINED PREMIUM: IN THE EVENT OF A CANCELLATION, A MINIMUM RETAINED OF 25% SHALL APPLY TO ALL PREMIUMS**

### PREMIER – STATEMENT OF ACCOUNT

Premium:	\$ 2,000.00	Policy Number:	DP00161-03
Policy Fee:	75.00	Insured:	MOUNTAIN SHADOWS RESORT OWNERS CORPORATION
Total Due:	\$ 2,075.00	Broker:	WESTLAND INSURANCE GROUP LTD

JUN 29, 2018/TREICHSTEIN

**LIST OF SUBSCRIBING COMPANIES**

THE INSURERS	COVERAGE(S) INSURED	SUM(S) INSURED OR PERCENTAGE(S)	PREMIUM
THE SOVEREIGN GENERAL INSURANCE COMPANY  Per: 	D & O \$5,000,000	100%	\$2,000.00
		<b>TOTAL PREMIUM:</b>	<b>\$2,000.00</b>

**Form #PMSTAT (Rev. May 24, 2012)**  
**Policy Conditions**

Where the terms and conditions of this policy and forms attached hereto are in conflict with the applicable provincial statutes, the interpretation most favourable to the Insured shall prevail.

These conditions apply to all coverage insured by this policy except where such conditions and provisions may be modified or supplemented by forms or endorsements attached to this policy.

**Statutory Conditions**  
(Common Law Jurisdictions only)

**1. MISREPRESENTATION**

If a person applying for insurance falsely describes the property to the prejudice of the Insurer, or misrepresents or fraudulently omits to communicate any circumstance that is material to be made known to the Insurer in order to enable it to judge the risk to be undertaken, the contract is void as to any property in relation to which the misrepresentation or omission is material.

**2. PROPERTY OF OTHERS**

The Insurer is not liable for loss or damage to property owned by a person other than the Insured unless

- (1) otherwise specifically stated in the contract, or
- (2) the interest of the Insured in that property is stated in the contract.

**3. CHANGE OF INTEREST**

The Insurer is liable for loss or damage occurring after an authorized assignment under the Bankruptcy and Insolvency Act (Canada) or a change of title by succession, by operation of law, or by death.

**4. MATERIAL CHANGE IN RISK**

- (1) The Insured must promptly give notice in writing to the Insurer or its agent of a change that is
  - (a) material to the risk, and
  - (b) within the control and knowledge of the Insured.
- (2) If an Insurer or its agent is not promptly notified of a change under subparagraph (1) of this condition, the contract is void as to the part affected by the change.
- (3) If an Insurer or its agent is notified of a change under subparagraph (1) of this condition, the Insurer may
  - (a) terminate the contract in accordance with Statutory Condition 5, or
  - (b) notify the Insured in writing that, if the Insured desires the contract to continue in force, the Insured must, within fifteen days after receipt of the notice, pay to the Insurer an additional premium specified in the notice.
- (4) If the Insured fails to pay an additional premium when required to do so under subparagraph (3) (b) of this condition, the contract is terminated at that time and Statutory Condition 5 (2) (a) applies in respect of the unearned portion of the premium.

**5. TERMINATION OF INSURANCE**

- (1) This contract may be terminated,
  - (a) by the Insurer giving to the Insured fifteen days' notice of termination by registered mail or five days' written notice of termination personally delivered, or
  - (b) by the Insured at any time on request.
- (2) If the contract is terminated by the Insurer,
  - (a) the Insurer must refund the excess of premium actually paid by the Insured over the prorated premium for the expired time, but in no event may the prorated premium for the expired time be less than any minimum retained premium specified in the contract, and
  - (b) the refund must accompany the notice unless the premium is subject to adjustment or determination as to amount, in which case the refund must be made as soon as practicable.
- (3) If the contract is terminated by the Insured, the Insurer must refund as soon as practicable the excess of premium actually paid by the Insured over the short rate premium for the expired time specified in the contract, but in no event may the short rate premium for the expired time be less than any minimum retained premium specified in the contract.
- (4) The fifteen day period referred to in subparagraph (1) (a) of this condition starts to run on the day the registered letter or notification of it is delivered to the Insured's postal address.

**6. REQUIREMENTS AFTER LOSS**

- (1) On the happening of any loss of or damage to insured property, the Insured must, if the loss or damage is covered by the contract, in addition to observing the requirements of Statutory Conditions 9, 10 and 11,
  - (a) immediately give notice in writing to the Insurer,
  - (b) deliver as soon as practicable to the Insurer a proof of loss in respect of the loss or damage to the insured property verified by statutory declaration,
    - (i) giving a complete inventory of that property and showing in detail quantities and costs of that property and particulars of the amount of loss claimed,
    - (ii) stating when and how the loss occurred, and if caused by fire or explosion due to ignition, how the fire or explosion originated, so far as the Insured knows or believes,
    - (iii) stating that the loss did not occur through any wilful act or neglect or the procurement, means or connivance of the Insured,
    - (iv) stating the amount of other insurances and the names of other Insurers,
    - (v) stating the interest of the Insured and of all others in that property with particulars of all liens, encumbrances and other charges on that property,
    - (vi) stating any changes in title, use, occupation, location, possession or exposures of the property since the contract was issued, and
    - (vii) stating the place where the insured property was at the time of loss,
  - (c) if required by the Insurer, give a complete inventory of undamaged property, showing in detail quantities and cost of that property, and
  - (d) if required by the Insurer and if practicable,
    - (i) produce books of account and inventory lists,
    - (ii) furnish invoices and other vouchers verified by statutory declaration, and
    - (iii) furnish a copy of the written portion of any other relevant contract.
- (2) The evidence given, produced or furnished under subparagraphs (1) (c) and (d) of this condition must not be considered proofs of loss within the meaning of Statutory Conditions 12 and 13.

**7. FRAUD**

Any fraud or wilfully false statement in a statutory declaration in relation to the particulars required under Statutory Condition 6 invalidates the claim of the person who made the declaration.

**8. WHO MAY GIVE NOTICE AND PROOF**

Notice of loss under Statutory Condition 6 (1) (a) may be given and the proof of loss under Statutory Condition 6 (1) (b) may be made

- (1) by the agent of the Insured, if
  - (a) the Insured is absent or unable to give the notice or make the proof, and
  - (b) the absence or inability is satisfactorily accounted for, or
- (2) by a person to whom any part of the insurance money is payable, if the Insured refuses to do so or in the circumstances described in clause (1) of this condition.

**9. SALVAGE**

- (1) In the event of loss or damage to insured property, the Insured must take all reasonable steps to prevent further loss or damage to that property and to prevent loss or damage to other property insured under the contract, including, if necessary, removing the property to prevent loss or damage or further loss or damage to the property.
- (2) The Insurer must contribute on a prorated basis towards any reasonable and proper expenses in connection with steps taken by the Insured under subparagraph (1) of this condition.

**10. ENTRY, CONTROL, ABANDONMENT**

After loss or damage to insured property, the Insurer has

- (1) an immediate right of access and entry by accredited representatives sufficient to enable them to survey and examine the property, and to make an estimate of the loss or damage, and
- (2) after the Insured has secured the property, a further right of access and entry by accredited representatives sufficient to enable them to appraise or estimate the loss or damage, but
  - (a) without the Insured's consent, the Insurer is not entitled to the control or possession of the insured property, and
  - (b) without the Insurer's consent, there can be no abandonment to it of the insured property.

**11. IN CASE OF DISAGREEMENT**

- (1) In the event of disagreement as to the value of the insured property, the value of the property saved, the nature and extent of the repairs or replacements required or, if made, their adequacy, or the amount of the loss or damage, those questions must be determined using the applicable **dispute resolution process**\* set out in the Insurance Act, whether or not the Insured's right to recover under the contract is disputed, and independently of all other questions.
- (2) There is no right to a dispute resolution process under this condition until
  - (a) a specific demand is made for it in writing, and
  - (b) the proof of loss has been delivered to the Insurer.

**\*Dispute Resolution Process** (within ten (10) days after a dispute has arisen or within seventy (70) days after submission of a Proof of Loss if no coverage/payment determination has been made) in AB & BC. **\*\*Appraisal process** will apply in all other jurisdictions **\*\*Appraisal Process** :In the event of a disagreement as to the value of the Property insured, the property saved or the amount of the loss, those questions shall be determined by appraisal as provided under The Insurance Act there can be recovery under this contract whether the right to recover on the contract is disputed or not, and independently of all other questions; but there shall be no right to an appraisal until a specific demand therefor is made in writing and until after proof of loss has been delivered

**12. WHEN LOSS PAYABLE**

Unless the contract provides for a shorter period, the loss is payable within sixty days after the proof of loss is completed in accordance with Statutory Condition 6 and delivered to the Insurer.

**13. REPAIR OR REPLACEMENT**

- (1) Unless a dispute resolution process has been initiated, the Insurer, instead of making payment, may repair, rebuild, or replace the insured property lost or damaged, on giving written notice of its intention to do so within thirty days after receiving the proof of loss.
- (2) If the Insurer gives notice under subparagraph (1) of this condition, the Insurer must begin to repair, rebuild, or replace the property within forty-five days after receiving the proof of loss, and must proceed with all due diligence to complete the work within a reasonable time.

**14. ACTION**

Every action or proceeding against the Insurer for the recovery of any claim under or by virtue of this contract shall be absolutely barred unless commenced within one year after the loss or damage occurs, unless legislation provides otherwise.

**15. NOTICE**

- (1) Written notice to the Insurer may be delivered at, or sent by registered mail to, the chief agency or head office of the Insurer in the province.
- (2) Written notice to the Insured may be personally delivered at, or sent by registered mail addressed to, the Insured's last known address as provided to the Insurer by the Insured.

**NOTE:** To the extent that the Civil Code of the **Province of Quebec** is applicable to this contract General Conditions and Provisions as set out in the Civil Code of the Province of Quebec apply. These General Conditions and Provisions, a copy of which is available on request from the Insurer, apply to all perils insured by this policy, except where such conditions and provisions may be modified or supplemented in forms or endorsements attached to this policy

**Applicable to Provinces of Alberta and British Columbia Only:**

The following applies where the Insured is domiciled in, or the insured property is located in, the provinces of Alberta or British Columbia.

**Recovery by Innocent Persons:**

- (1) Where this policy contains a term or condition excluding coverage for loss or damage to property caused by a criminal or intentional act or omission of an insured or any other person, the exclusion applies only to the claim of a person:
  - (a) whose act or omission caused the loss or damage,
  - (b) who abetted or colluded in the act or omission,
  - (c) who
    - (i) consented to the act or omission, and
    - (ii) knew or ought to have known that the act or omission would cause the loss or damage, or
  - (d) who is in a class prescribed by regulation.
- (2) Nothing in section (1) allows a person whose property is insured under the contract to recover more than their proportionate interest in the lost or damaged property.

(3) A person whose coverage under a contract would be excluded but for section (1) must comply with any requirements prescribed by regulation.

For greater certainty the relevant legislation should be reviewed.

**Statutory Conditions:**

The conditions set forth under the title Statutory Conditions apply as follows:

- (i) 1 and 6 to 13 apply only to property coverage;
- (ii) 2 to 5 and 15 apply to all policy coverage;
- (iii) 14 does not apply and is replaced by Limitation of Action:

**Limitation of Action:**

Every action or proceeding against an insurer for the recovery of insurance money payable under the contract is absolutely barred unless commenced within the time set out in the Insurance Act.

**Form #S72061 (Rev. Feb 14, 2014)**  
**D&O Smart – Complete Solution**

**PLEASE READ CAREFULLY THIS INSURANCE POLICY IS WRITTEN ON A CLAIMS MADE AND REPORTED BASIS WITH ALL DEFENCE COSTS, CHARGES AND EXPENSES REDUCING THE LIMIT OF LIABILITY. PLEASE REFER TO THE CONDITIONS AND EXCLUSIONS CONTAINED IN THIS CONTRACT.**

Key words and phrases which appear in bold type and quotations have special meanings. Refer to Part III Policy Definitions section.

**PART 1**

**WHAT WE AGREE TO INSURE**

We will pay on behalf of an “**Insured**” a “**Loss**” arising from a “**Claim**” against an “**Insured**” for a “**Wrongful Act**” subject to the terms and conditions and exclusions contained herein. In consideration of the payment of the premium and in reliance upon the statements made in the application, the supplementary applications and any additional document(s) for this insurance which are made a part thereof, the “**Insurer**” agrees to provide insurance as follows:

**1. BASIC COVERAGE**

This Form insures only those items for which a limit of insurance is specified on the “Declarations Page”.

- A -** If during the “**Policy Period**” any “**Claim(s)**” are made against any of the “**Insured Person(s)**” for “**Wrongful Act(s)**” and reported to the “**Insurer**” pursuant to the terms of this policy, the “**Insurer**” shall pay on behalf of the “**Insured Person(s)**” all “**Loss**” for which the “**Insured Person(s)**” shall become legally obligated to pay, except for such “**Loss**” which the “**Named Insured(s)**” is required by law, or agrees as permitted by law, to indemnify such “**Insured Person(s)**” unless and to the extent that the “**Named Insured(s)**” is unable or unwilling to make actual indemnification solely by reason of its “**insolvency**”.
- B -** If during the “**Policy Period**” any “**Claim(s)**” are made against any of the “**Insured Person(s)**” for a “**Wrongful Act(s)**” and reported to the “**Insurer**” pursuant to the terms of this policy, the “**Insurer**” shall pay on behalf of the “**Named Insured(s)**” all “**Loss**” for which the “**Named Insured(s)**” is required by law, or agrees as permitted by law, to indemnify such “**Insured Person(s)**”.
- C -** If during the “**Policy Period**” any “**Employment Practices Liability Claim(s)**” are made against the “**Insured(s)**” for a “**Employment Practices Liability Wrongful Act(s)**” and reported to the “**Insurer**” pursuant to the terms of this policy, the “**Insurer**” shall pay on behalf of the “**Insured(s)**” all “**Loss**” for which the “**Insured(s)**” shall become legally obligated to pay.

**WHERE COVERAGE APPLIES**

**2. TERRITORY**

The coverage provided under this policy shall apply worldwide except in those jurisdictions where it is prohibited by law.

**WHAT WE AGREE TO DEFEND**

**3. DEFENSE & SETTLEMENT**

- (a) With respect to “**Claim(s)**” covered under Part I, Item 1 – Basic Coverage, the “**Insurer**” shall have the right and duty to:
  - (i) defend any “**Claim(s)**” against the “**Insured(s)**”;
  - (ii) select defense counsel to defend any “**Claim(s)**”;
  - (iii) investigate and negotiate the settlement of any “**Claim(s)**” as it deems expedient.
- (b) The “**Insured(s)**” shall not incur “**Costs, Charges and Expenses**”, or admit liability, offer to settle, or agree to any settlement in connection with any “**Claim(s)**” without the express prior written consent of “**Premier**”, which consent shall not be unreasonably withheld. The “**Insured(s)**” shall provide “**Premier**” with all information and particulars it may reasonably request in order to reach a decision as to such consent. The “**Insurer**” shall not be liable to make any payment for any “**Loss**” resulting from any admission of liability, agreement to settle, or “**Costs, Charges and Expenses**” incurred prior to “**Premier’s**” express written consent.
- (c) The “**Insurer**” shall not settle or compromise any “**Claim(s)**” without the written consent of the “**Named Insured(s)**”. If, however, the “**Named Insured(s)**” does not consent to any settlement recommended by the “**Insurer**” and shall elect to contest the “**Claim(s)**”, then the “**Insurer’s**” liability for the “**Claim(s)**” is limited to:
  - (i) the amount in excess of the “**Deductible**” for which the “**Claim(s)**” would have been so settled plus the “**Costs, Charges and Expenses**” incurred with its consent up to the date of such refusal settle; plus
  - (ii) eighty per cent (80%) of any additional covered “**Loss**” including “**Costs, Charges and Expenses**,” in excess of the amount in clause (i) above, incurred subsequent to such refusal.
- (d) If any “**Claim(s)**” made against the “**Insured(s)**” includes both covered and uncovered matters, or is made against any “**insured(s)**” and any other party or parties not covered under this Policy, the “**Insurer**” and the “**Insured(s)**” agree to allocate the “**Loss**” amounts as follows:
  - (i) with respect to “**Costs, Charges and Expenses**”, the “**Insured(s)**” and “**Insurer**” agree to use their best efforts to determine a fair and proper allocation between covered matters and uncovered matters based on the relative legal and financial exposures of all parties to such matters. The “**Insurer**” shall not be liable under this policy for the portion of such amounts allocated to “**Costs, Charges and Expenses**” for “**Loss**” not covered by this policy.
  - (ii) with respect to “**Loss**” other than “**Costs Charges and Expenses**”, the “**Insured(s)**” and “**Insurer**” agree to use their best efforts to determine a fair and proper allocation between covered “**Loss**” and uncovered “**Loss**” based on the relative legal and financial exposures of all parties to such matters. The “**Insurer**” shall not be liable under this policy for the portion of such amounts allocated to “**Loss**” not covered by this policy.
  - (iii) If the “**Insured(s)**” and “**Insurer**” cannot agree on a fair allocation under item (ii) the “**Insurer**” shall advance payment of loss on a current basis pursuant to the terms of this policy, which the “**Insurer**” determines to be a covered loss until a different allocation is determined in accordance with Part IV Conditions Item 2 Arbitration.
- (e) The “**Insurer’s**” duty to defend any “**Claim(s)**” covered by this Policy shall cease upon exhaustion of the Limit of Liability as shown in the Declarations.

**HOW THE LIMITS AND “DEDUCTIBLES” APPLY**

**4. LIMIT OF LIABILITY & “DEDUCTIBLE”**

- (a) The amount shown in the Declarations shall be the “**Insurer’s**” maximum aggregate liability for “**Loss**” in respect of all “**Claim(s)**” made against the “**Insured(s)**” during any one “**Policy Period**” and reported in accordance with Part IV Item 13 – Notice of “**Claim(s)**”
- (b) More than one “**Claim(s)**” involving the same “**Wrongful Act(s)**” of one or more “**Insured(s)**” is an “**Inter-related Wrongful Act(s)**” and will constitute a single “**Claim(s)**” and such single “**Claim(s)**” shall be deemed to have been made pursuant to Part IV, Item 11 – “**Inter-related Wrongful Act(s)**” and Date of “**Claim(s)**” Clause.
- (c) The “**Insurer**” shall only be liable for “**Loss**” in excess of the “**Deductible**” as stated in the Declarations. The “**Deductible**” shall not apply to “**Costs, Charges and Expenses**”.
- (d) “**Costs, Charges and Expenses**” shall be part of and not in addition to the Limit of Liability as shown in the Schedule and such “**Costs, Charges and Expenses**” shall reduce the Limit of Liability as shown in the Declarations.

- (e) In the event a single “**Loss**” is covered in part under Part I, Items 1(a), 1(b), and 1(c) – Basic Coverage, the “**Deductibles**” as stated in the Schedule shall be applied separately to that part of the “**Loss**” covered by each insuring clause and the sum of the “**Deductibles**” so applied shall constitute the “**Deductible**” for each single “**Loss**” provided, the total “**Deductible**” as finally determined shall in no event exceed the largest applicable “**Deductible**” as shown in the Declarations.

**5. Spousal Extension**

This Policy shall cover “**Loss**” arising from any “**Claim(s)**” for an actual or alleged “**Wrongful Act(s)**” of an “**Insured Person(s)**” made against the lawful spouse (whether such status is derived by reason of a statutory law, common law or otherwise of any applicable jurisdiction in the world) of such “**Insured Person(s)**”, but only to the extent that the spouse is a party to such “**Claim(s)**” solely out of his or her capacity as the spouse of an “**Insured Person(s)**”, and only for the purpose of any such “**Claim(s)**” seeking damages recoverable from marital community property, property jointly held by the “**Insured Person(s)**” and the spouse or property transferred from an “**Insured Person(s)**” to the spouse. However, this Policy shall not afford coverage for any “**Claim(s)**” for any actual or alleged “**Wrongful Act(s)**” of the spouse.

**6. Fiduciary Liability:**

The “**Insurer**” will pay on behalf of the “**Named Insured**” Loss for which the “**Named Insured**” is legally liable in the administration of an “**Employee Benefit Plan**”, excluding Defined Benefit Pension Plans. The Limit of Liability shall not exceed one hundred thousand (\$100,000) and is also subject to the Policy Aggregate as per Item 4(a) of the Limit of Liability & “**Deductible**” section.

**7. Outside Non-Profit Entity Directorship Coverage**

This Policy shall cover any “**Loss**” related to “**Claims**” for “**Wrongful Act(s)**” made against any **Insured Person(s)** who acts as a director, officer, or trustee of any “**Outside Non-Profit Entity**”; provided that such position is with the knowledge and consent of, or is at the direction or request of the “**Named Insured(s)**.”

Coverage under this clause shall be specifically excess of any insurance obtained by the “**Outside Non-Profit Entity**” and any indemnification provided to the Insured Person(s) by such “**Outside Non-Profit Entity**”.

**REPORTING CLAIMS AFTER TERMINATION OF POLICY**

**8. AUTOMATIC REPORTING PERIOD**

This Policy shall automatically provide an extended reporting period of sixty (60) days, following the termination of this Policy, for the reporting of any “**Claim(s)**”, but only with respect to “**Wrongful Act(s)**” committed prior to such termination date. This extended sixty (60) day reporting period will not apply if the Policy is cancelled because of non-payment of the premium by the “**Insured(s)**” or if replacement coverage is obtained.

**OPTIONAL ADDITIONAL EXTENDED REPORTING PERIOD**

**9. DISCOVERY PERIOD**

If the “**Insurer**” or the “**Insured(s)**” cancel or refuse to renew this Policy, and provided that the premium has been fully paid, the “**Insured(s)**” shall have the right, upon payment of an additional premium, to an extension of the coverage granted by this Policy in respect of any “**Claim(s)**” which are made during the twelve (12) months after the termination of the Policy, but only with respect to any “**Wrongful Act(s)**” committed or alleged to have been committed prior to such termination date. Such twelve (12) month period is hereinafter referred to as the Discovery Period. The additional premium to be charged will be fifty per cent (50%) of the previous annual premium. This right of extension shall cease unless written notice is given to the **Insurer** within sixty (60) days after the termination date, together with full payment of the premium for this extension. The Discovery Period will be part of the immediately preceding “**Policy Period**” and shall not operate to increase the Limit of Liability of such “**Policy Period**”.

The additional premium for the Discovery Period shall be fully earned at the inception of the Discovery Period. The Discovery Period, once incepted, is not cancellable.

For the purposes of this clause, the **Insurer’s** quote of differing terms for renewal purposes, including differing conditions, premium, Limits of Liability or “**Deductible**”, does not constitute a refusal to renew this Policy.

**PART II**

**WHAT IS NOT COVERED**

**PART II - EXCLUSIONS**

The “**Insurer**” shall not be liable to make any payment for “**Loss**” in connection with any “**Claim(s)**” made against the “**Insured(s)**.”

**1. Bodily Injury/Property Damage:**

For any actual or alleged:

- (a) bodily injury, sickness, disease, death, assault or battery or molestation of any person;
- (b) property damage, or any actual or alleged damage to or destruction of any tangible property including loss of use thereof;
- (c) mental anguish, emotional distress, defamation, invasion of privacy, slander or humiliation; however, part (c) shall not apply with respect to any “**Employment Practices Liability Claim(s)**”.

**2. Contractual:**

Based upon, or arising out of, any actual or alleged breach of contract or failure to proceed with a contract whether oral or written, however this exclusion will not be applicable to:

- (a) “**Employment Practices Liability Claim(s)**” made against the “**Insured(s)**” alleging wrongful or unjust dismissal, but only to the extent that such “**Employment Practices Liability Claim(s)**” is seeking damages arising from the manner in which the claimant was dismissed from employment by the “**Insured(s)**”; or
- (b) the “**Costs, Charges and Expenses**”, in respect of “**Employment Practices Liability Claim(s)**”; or
- (c) “**Claim(s)**” for which the “**Insured(s)**” would have liability in the absence of such contract but only to the extent that such liability arises in the absence of such contract.

**3. Employee Benefits:**

Based upon, arising out of, or attributable to any actual or alleged violation of the responsibilities, duties or obligations imposed upon any “**Insured(s)**” by the Pension Benefits Standards Act, R.S.C. 1985, c. 32 (2<sup>nd</sup> Supp.), the Ontario Pension Benefits Standards Act, R.S.O.1990, c. P-8, the Employee Retirement Income Security Act of 1974 of the United States of America and amendments thereto or by similar provincial, state, territorial or local legislation, the Canada Health Act, R.S.C. 1985, c. C-6, the Ontario Health Insurance Act, R.S.O. 1990, c.H.6, or similar provincial, state, territorial or local legislation, the Ontario Insurance Act, R.S.O.1990, C. I.8 or similar provincial, state, territorial or local legislation. Legislation governing the Canada Pension Plan, workers compensation, employment insurance, social or old age security, employee disability or health insurance or similar provisions of any federal, provincial, state, territorial or local law, or for the cost of compliance therewith.

**4. Employment Standards:**

Based upon, arising out of, or attributable to any actual or alleged violation of the responsibilities, duties or obligations imposed upon any “Insured(s)” by the Canada Labour Code, the Occupational Health and Safety Act of Ontario, or any rules or regulations promulgated there under or any similar federal, provincial, state, territorial or local, statutory or common law or for the cost of compliance therewith.

**5. Fraudulent Acts/Personal Profit or Remuneration:**

Based upon, brought by or attributable to:

- (a) the fraudulent, dishonest or criminal acts of the “Insured Person(s)”; or
- (b) the “Insured Person(s)” gaining any personal profit, remuneration or advantage to which they were not legally entitled; provided however the provisions of this exclusion shall not apply unless a judgment or other final adjudication of the “Claim(s)” shall establish that such conduct in fact occurred.

Note: For the purposes of determining the applicability of Part II Item 5 – Fraudulent Acts/Personal Profit or Remuneration exclusion, it is understood and agreed that:

- (i) any fact pertaining to or knowledge possessed by any one “Insured Person(s)” shall not be imputed to any other “Insured Person(s)”; and
- (ii) any fact pertaining to or knowledge possessed by any past, present or future chair of the board, president, executive director or chief financial officer of the “Named Insured(s)” shall be imputed to the “Named Insured(s)”.

**6. “Insured(s)” versus “Insured(s)” – Claims brought by Insiders:**

By or on behalf of, or at the direction of, or for the benefit, directly or indirectly, of any “Insured(s)”, however, this exclusion shall not apply to “Claim(s)”:

- (a) brought under Insuring Agreement 1(a) made directly or derivatively provided that such “Claim(s)” is maintained without the solicitation, assistance, participation or intervention of any or all of the “Insured Person(s)”; or
- (b) brought by any “Insured(s)” in the form of cross claim or third party claim for contribution or indemnity which results directly or indirectly from a “Claim(s)” not otherwise excluded by the terms of the Policy; or
- (c) brought or maintained by a trustee in bankruptcy of the “Named Insured(s)”, an interim receiver appointed pursuant to the provisions of the Bankruptcy and Insolvency Act, R.S.C. 1985, c.B-3, a liquidator appointed pursuant to the provisions of the Winding-up and Restructuring Act, R.S.C. 1985, c.W-11, a monitor appointed pursuant to the provisions of the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, or a receiver or receiver and manager appointed pursuant to the Courts of Justice Act, R.S.O. 1990, c.C.43, or pursuant to other similar federal, provincial, state or territorial legislation; or
- (d) brought by any “Insured Person(s)” who has not served as a duly elected or appointed director or officer of the “Named Insured(s)” for at least three (3) years preceding the date upon which the Claim(s) is first made or
- (e) for “Employment Practices Liability Wrongful Act(s)”, brought by an employee of the “Named Insured(s)”; or
- (f) brought and maintained independently of, and without the assistance, participation or intervention of any “Named Insured(s)”; provided however, if any “Insured Person(s)” has protection for any retaliatory conduct by the “Named Insured(s)” under any federal, provincial, state or territorial legislation, then for the purpose of this exception, such activity will not alone be considered to be with the solicitation, assistance or active participation of any “Named Insured(s)” or any such “Insured Person(s)”.

**7. Intellectual Property**

Based upon, arising out of, directly or indirectly resulting from, attributable to, in any way involving, or in connection with any actual or alleged intentional or unintentional breach or infringement or any patent or copyright or trademark or any other form of intellectual property.

**8. Nuclear Liability:**

- (a) for liability imposed by or arising under the Nuclear Liability Act; nor
- (b) for “Loss” with respect to which an “Insured Person(s)” under this Policy is also Insured under a contract of nuclear energy liability insurance (whether the “Insured Person(s)” is unnamed in such contract or whether or not it is legally enforceable by the “Insured Person(s)” issued by the Nuclear Insurance Association of Canada or any other Insurer or group or pool of Insurers or would be an “Insured Person(s)” under any such Policy but for its termination upon exhaustion of its limit of liability; nor
- (c) for “Loss” resulting directly or indirectly from the “Nuclear Energy Hazard” arising from:
  - (i) the ownership, maintenance, operation or use of a “Nuclear Facility” by or on behalf of an “Insured Person(s)”;
  - (ii) the furnishing by an Insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any “Nuclear Facility”; and
  - (iii) the possession, consumption, use, handling, disposal or transportation of “Fissionable Substance(s)”, or of other “Radioactive Material” (except radioactive isotopes, away from a “Nuclear Facility”, which have reached the final stage of fabrication so as to be usable for any scientific, medical, agricultural, commercial or industrial purpose) used, distributed, handled or sold by an “Insured Person(s)”.

**9. Pollution:**

Based upon, arising out of, directly or indirectly attributable to or in consequence of

- (a) the actual, alleged or threatened discharge, dispersal, release, seepage, migration or escape of Pollutants into, in or upon real or personal property, water or the atmosphere;
- or;
- (b) any direction or request to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize “Pollutants”;

Provided however, this exclusion shall not apply to:

- i) any “Claim(s)” for “Employment Practices Liability Wrongful Act(s)” arising from actual or threatened disclosure of the matters described in this exclusion.
- ii) ‘Costs, Charges and Expenses’ arising out of “Wrongful Acts” within the territorial limits and jurisdiction of Canada to a maximum \$100,000 Limit of Liability and is included in the Aggregate Policy Limit.

**10. Professional Services:**

Based upon, arising out of directly or indirectly, or in any manner attributable, in whole or in part, to the rendering or failure to render “Professional Services” to others either gratuitously or for a fee.

**11. Prior Knowledge:**

Based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving any “Wrongful Acts”, prior and/or pending civil, criminal, administrative or investigative proceeding involving the “Insured(s)” and known to the “Insured(s)” or any fact, circumstance or situation underlying or alleged prior to the issuance of this coverage.

**12. Prior or Pending Litigation:**

Based upon, arising out of, directly or indirectly resulting from or in consequence of, or in any way involving any “Wrongful Act(s)” or any fact, circumstance or situation which has been the subject of any notice given as of or prior to the applicable Prior and Pending Litigation Date set forth in the Declarations for which this coverage is a direct or indirect renewal or replacement.

**13. Securities:**

Based upon, arising out of, relating to, directly or indirectly resulting from or in consequence of, or in any way involving actual or attempted offering, solicitation, sale, distribution or issuance of securities to the **Public**, whether or not a prospectus has been issued.

**14. Major Shareholders:**

Made or instigated by or on behalf of, or for, the benefit of any person or entity holding beneficially or otherwise more than 25% of the issued share capital of the **“Named Insured(s)”**.

**15. Subsidiaries:**

Arising out of any **“Wrongful Act(s)”** committed or alleged to have been committed by the **“Insured Person(s)”** of any **“Subsidiary”** occurring prior to the date such entity became a **“Subsidiary”** or after such entity ceased to be a **“Subsidiary”**. Furthermore, there shall be no protection under this Policy for any individuals who only became **“Insured Person(s)”** of the **“Subsidiary”** after it ceased to be a **“Subsidiary”**.

**16. Fiduciary Liability:**

Based upon, arising out of, directly or indirectly resulting from or in consequence of the administration of any Employee Defined Benefit Pension Plan.

**Part III**

**Policy Definitions**

As used in this policy, the following words or expressions shall mean:

**1. “Claim(s)”:**

- (a) A written or oral demand for monetary or non-monetary relief; or,
- (b) A civil, criminal, administrative, regulatory or arbitration proceeding for monetary or non-monetary relief which is commenced by:
  - (i) a Writ of Summons, statement of claim or similar originating legal document; or
  - (ii) return of a summons, information or similar document (in the case of a criminal proceeding).

**2. “Costs, Charges and Expenses”:**

Reasonable and necessary legal fees and expenses incurred by the **“Insured(s)”** solely in the defense of any **“Claim(s)”** and appeals there from, or in connection with an appearance before any administrative tribunal and/or board of enquiry, and cost of attachment or similar bonds; provided, however, **“Costs, Charges and Expenses”** shall not include the following:

- (a) salaries, wages, overhead or benefit expenses associated with officers or employees of the **“Named Insured(s)”**; or
- (b) any amounts incurred in defense of any **“Claim(s)”** for which any other Insurer has a duty to defend, regardless of whether or not such other Insurer undertakes such duty.

**3. “Deductible”**

The amount the **Insured** is required and obligated to pay by the insurance policy.

**4. “Employee Benefit Plan”**

Any dental, medical, life and accident or employee profit sharing plan which at the inception date of the Policy, is sponsored by the **“Named Insured”**, except any multi-employer plan. Including any **“Employee Benefit Plan”** acquired or created during the **“Policy Period”**, but only with respect to **“Wrongful Acts”** occurring subsequent to the date of such acquisition or creation. **“Employee Benefit Plan”** does not include any, defined benefits, employee pension plan or welfare benefit plan.

**5. “Employment Practices Liability Claim(s)”:** Any **“Claim(s)”** brought by or on behalf of any past, present or future employee of the **“Named Insured(s)”** or any applicant for employment with the **“Named Insured(s)”** alleging an **“Employment Practices Liability Wrongful Act(s)”**.

**6. “Employment Practices Liability Wrongful Act(s)”:**

The following acts related to employment:

- (a) discrimination;
- (b) wrongful dismissal, discharge or termination of employment, whether actual or constructive;
- (c) employment related misrepresentation, whether written or oral;
- (d) wrongful failure to employ or promote or grant tenure;
- (e) sexual or workplace harassment of any kind;
- (f) failure to create or enforce adequate workplace or employment policies and procedures;
- (g) wrongful discipline, denial of training, deprivation of career opportunity, negligent evaluation including defamatory statements made in connection with an employee reference;
- (h) retaliation;
- (i) employment related libel, slander, defamation, humiliation or invasion of privacy; or
- (j) breach of an employment agreement whether written or oral, other than a collective bargaining agreement.

**7. “Fissionable Substance(s)”:**

Any prescribed substances that is, or from which can be obtained a substance capable of releasing atomic energy by nuclear fission.

**8. “Insolvency”:**

- (a) The appointment of a Receiver or a Receiver Manager of the **“Named Insured(s)”**;
- (b) The filing of a proposal or plan of arrangement by the **“Named Insured(s)”** pursuant to the provisions of the Companies’ Creditors Arrangement Act, R.S.C. 1985, c. C-36, or similar federal, provincial, territorial or state legislation; or
- (c) The **“Named Insured(s)”** filing a proposal, assignment or being placed in bankruptcy pursuant to the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended.

**9. “Insured Person(s)”:** **“You” “Your”**

Applicable to **Non-Profit Organization**

- (a) Any persons who were or now are directors, officers (including de facto directors and officers), trustees, volunteers or members of any duly constituted committee of the **“Named Insured(s)”**;
- (b) The functional equivalent of any duly elected or appointed director or officer of the **“Named Insured(s)”** in a foreign jurisdiction.
- (c) The estates, heirs, legal representatives or assigns of directors, officers, trustees, employees, volunteers or members of any such committees in the event of their death, incompetency, “insolvency” or bankruptcy.
- (d) any past, present and future employee of the **“Named Insured(s)”** including part-time, seasonal and temporary employee, but not an independent contractor,

Applicable to **Private Companies**

- (a) Any persons who were or now are directors, officers (including de facto directors and officers), or trustees of the **"Named Insured(s)"**;
- (b) The functional equivalent of any duly elected or appointed director or officer of the **"Named Insured(s)"** in a foreign jurisdiction.
- (c) The estates, heirs, legal representatives or assigns of directors, officers in the event of their death, incompetency, **"Insolvency"** or bankruptcy.
- (d) any past, present and future employee of the **"Named Insured(s)"** including part-time, seasonal and temporary employee, but not an independent contractor,

10. **"Insured(s)" "You", "Your"**

The **"Insured Person(s)"** and the **"Named Insured(s)"**

11. **"Insurer" "Company" "we"**

Shall mean the insurance companies whose names appear in the Declarations.

12. **Inter-related Wrongful Act(s)":**

Any **"Wrongful Act(s)"** that has a common nexus, any fact, circumstance, situation, event, transaction, series of facts, circumstances, situations, events or transactions.

13. **"Loss":**

Any **"Costs, Charges and Expenses"**, damages, settlement and judgment including taxable costs, pre-judgment interest and any post-judgment interest providing, however, that **"Loss"** shall not include:

- (a) criminal or civil fines or taxes;
- (b) penalties imposed by law;
- (c) liability for matters which are uninsurable under the law pursuant to which this Policy shall be construed;
- (d) amounts based upon, arising out of, or attributable to any liability of the **"Named Insured(s)"** under any contract or agreement, either oral or written, except to the extent set out in Part II Item 2.(a), 2.(b) and 2.(c);
- (e) damages for the failure to afford reasonable notice upon the termination of an employment contract;

However, with respect to coverage provided by Insuring Agreement 1(a) **"Loss"** shall include:

- (i) taxes and related penalties assessed against a director based upon, arising out of or attributable to the failure to deduct, withhold or remit tax from a payment of salary or wages of an employee under the provisions of any federal, provincial, territorial, local statutory, civil or common law;
- (ii) any amount constituting payment of wages and similar provisions of any federal, provincial, territorial, or local statutory, civil or common law; and
- (iii) unpaid tax liabilities of the **"Named Insured(s)"** arising under the federal laws of Canada, or similar provisions of any provincial, territorial or local law due to the **"Insolvency"** of the **"Named Insured(s)"**.

14. **"Named Insured(s)":**

- (a) The legal entity as Named in the Declarations;
- (b) Any **"Subsidiary"** of such legal entity, which existed prior to or at the inception date of this Policy, provided such **"Subsidiary"** is Named in the application for this Policy;
- (c) Any **"Subsidiary"** or such legal entity which is acquired or created subsequent to the inception date of this Policy, subject to the provisions of Part III – Item 21.

15. **"Nuclear Energy Hazard":**

The radioactive toxic, explosive or other hazardous properties of **"Radioactive Material"**.

16. **"Nuclear Facility":**

- (a) Any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of plutonium, thorium and uranium or any one or more of them;
- (b) Any equipment or device designed or used for:
  - (i) separating the isotopes of plutonium, thorium and uranium or any one of more of them;
  - (ii) processing or utilizing spent fuel; or
  - (iii) handling, processing or packaging waste;
- (c) Any equipment or device used for the processing, fabricating or alloying of plutonium, thorium or uranium enriched in the isotope uranium 233 or in the isotope uranium 235, or any one or more of them if at any time the total amount of such material in the custody of the **"Insured Person(s)"** at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste **"Radioactive Material"** and includes the site on which any of the foregoing is located, together with all operations conducted thereon and all premises used for such operations.

17. **"Policy Period":**

The period shown on the Declarations. If this Policy is cancelled, the **"Policy Period"** shall be amended accordingly. If the Discovery Period is exercised in accordance with Part 1, Item 9 – Discovery Period, it shall be part of the last **"Policy Period"** and not an additional period.

18. **"Pollutant(s)":**

Any solid, liquid, gaseous or thermal irritant or contaminant including smoke, odour, vapour, soot, fumes, acids, alkalis, chemicals, waste, reconditioned waste, waste water, reclaimed materials, asbestos or asbestos products, lead or lead products, mould of any type, oil or oil products, infectious, medical or biological waste, or any noise located anywhere in the world.

19. **Professional Services:**

Services rendered requiring specialized knowledge and skill acquired through rigorous intellectual training.

20. **"Radioactive Material":**

Uranium, thorium, plutonium, neptunium, their respective derivatives and compounds, radioactive isotopes of other elements and any other substances that the Atomic Energy Control Board may, by regulation, designate as being prescribed substances capable of releasing atomic energy, or as being requisite for the production, use or application of atomic energy.

21. **"Subsidiary":**

- (a) any legal entity more than 50% owned by the **"Named Insured(s)"** either directly or indirectly, on or before the inception date of this Policy; or
- (b) any legal entity acquired or created subsequent to the inception date of this Policy whose assets are more than 50% owned by the **"Named Insured(s)"** either directly or indirectly, and whose assets do not exceed 30% of the consolidated assets of the **"Named Insured(s)"** as of the inception date of this Policy; or

- (c) any legal entity acquired or created subsequent to the inception date of this Policy whose assets are more than 50% owned by the **"Named Insured(s)"** either directly or indirectly, and whose assets exceed 30% of the consolidated assets of the **"Named Insured(s)"** as of the inception date of this policy, but such organization shall be a **"Subsidiary"** only:
- (i) for a period of ninety (90) days from the date it became a **"Subsidiary"**; or
  - (ii) until the **"Policy Period"** ends, whichever occurs first; and provided written notice of such acquisition or creation has been given to **"Premier"**, and specific application has been submitted on the **"Premier's"** form in use at the time, together with such documentation and information as **"Premier"** may require, all within ninety (90) days after the effective date of such acquisition or creation. Coverage shall not be afforded following such ninety (90) day period unless the **"Insurer"** has agreed to provide such coverage, subject to any premium adjustment and/or coverage revision that may be required by the **"Insurer"**.
22. **"Wrongful Act(s)":**
- (a) any actual or alleged error or misstatement or misleading statement, act or omission, neglect or breach of duty including fiduciary or statutory duty, or **"Employment Practices Liability Wrongful Act(s)"** by any **"Insured Person(s)"** in the discharge of their duties, individually or collectively in their capacity with the **"Named Insured(s)"**;
  - (b) any actual or alleged error, misstatement, misleading statement, act or omission, neglect or breach of duty, or **"Employment Practices Liability Wrongful Act(s)"** by the **"Named Insured(s)"** but only in respect to Insuring Agreement 1(c);
23. **"Outside Non-Profit Entity"**  
Any legally constituted non-profit organization or association
24. **"Premier"**  
The Insurance manager whose name and address appear in the Declarations and who is authorized to be the agent of the **"Insurer"** for the purpose of issuing this policy, receiving notices and managing **"Claim(s)"** on behalf of the **"Insurer"**. **"Premier"** is not a party to this contract of insurance.
25. **"Public"**  
Investors conducting the buying and selling of securities on a public exchange. This does not include members of co-operative holding shares in such co-operative or mutual organization.

#### Part IV

##### Policy Conditions

Our liability is conditional upon you fulfilling your obligations to comply with the Policy Conditions.

- A. 1. **Action against the "Insurer"**  
No action shall lie against the **"Insurer"** for the enforcement of any entitlement under this Policy. All disputes under the Policy shall be resolved by way of arbitration in accordance with Part IV, Item 3 – Arbitration.
2. **Adjustment**  
This Policy is issued and the premium computed on the basis of the information submitted to **"Premier"** as part of the application referred to in the declarations. **"Premier"** may require premium adjustment and coverage revision in the event:
- (a) the **"Named Insured(s)"** acquires any other entity; or
  - (b) the **"Named Insured(s)"** creates or acquires a **"Subsidiary"** subsequent to the inception date of the Policy. Where the value of the assets of such acquisition or creation represents more than thirty (30) per cent of the **"Named Insured(s)"** total assets prior to the acquisition or creation, the **"Named Insured(s)"** agrees to give notice to **"Premier"** in writing no later than ninety (90) days after the effective date of such event and to furnish such information in connection therewith as **"Premier"** may require.
3. **Arbitration**  
Any dispute between the **"Insured(s)"** and the **"Insurer"** arising in connection with or relating to this Policy shall be submitted to binding arbitration in accordance with the commercial arbitration legislation that applies in the jurisdiction of the **"Named Insured(s)"** as stated in the Declarations. The arbitration panel shall consist of one arbitrator selected by the **"Insured(s)"**, one arbitrator selected by the **"Insurer"** and a third independent arbitrator selected by the first two arbitrators. If all parties consent, the arbitration can proceed with a single arbitrator in any such arbitration, each party will bear its own legal fees and expenses but the costs and expenses of the arbitration, including the arbitrators, shall be shared equally by the parties to the dispute unless otherwise agreed
4. **Assignment**  
No assignment of interest under this Policy shall bind the **"Insurer"** until the **"Insurer's"** consent is endorsed hereon.
5. **Assistance and Co-operation of the Insured**  
The **"Insured(s)"** shall co-operate with **"Premier"** in the investigation and defense of any **"Claim(s)"**, the investigation of the availability of coverage under this Policy, and the prosecution of the subrogated **"Claim(s)"**, and shall give to **"Premier"** such information and written statements as **"Premier"** may require, attend examinations for discovery, hearings and trials and give evidence in connection with the defense of such **"Claim(s)"**, all without charge to the **"Insurer"**. The **"Insured(s)"** shall not voluntarily make any payment, assume any liability or obligation or incur any expense, without the prior written consent of **"Premier"**.
6. **Authorization**  
By acceptance of this policy, the **"Named Insured(s)"** per the Declarations agree to act on behalf of all **"Insured(s)"** with respect to the giving of all notices to the **"Premier"** as required herein, the receiving of notices of **"Claim(s)"** or cancellation, the payment of premiums, and the receiving of any return premiums that may become due under this Policy, and the **"Insured(s)"** agree that the **"Named Insured(s)"** shall act on their behalf. As respects the giving of notice to exercise the Discovery Period under Part 1, Item 9, the **"Insured Person(s)"** may give such notice directly to the **"Premier"**.
7. **Currency**  
Except as otherwise stated, all limits of insurance, premiums and other amounts as expressed in this Policy are in Canadian currency.
8. **Cancellation**  
This Policy may be cancelled:
- (a) by the **Insurer** giving to the **"Named Insured(s)"**, by registered mail, fifteen (15) days notice of cancellation if cancellation is due to non-payment of premium;

- (b) by the **"Named Insured(s)"**, giving written notice at any time. Cancellation will take effect on the date that written notice given by the **"Named Insured(s)"** is received by **"Premier"** or at a later date if specified therein. **"Insurer"** will refund the unearned premium on a short-rate basis, but in no event shall the short-rate premium for the cancelled time be deemed to be less than any minimum retained premium specified. This Policy may not be cancelled during the Discovery Period.
9. **Changes**  
This Policy contains all the agreements between the **"Insured(s)"** and the **"Insurer"** concerning the insurance afforded. The **"Named Insured(s)"** shown in the Schedule is authorized to make changes in the terms of this Policy with the **"Insurer's"** consent. The terms of this Policy may be amended or waived only by endorsement issued by the **"Insurer"** and made a part of this Policy.
10. **Sale or Dissolution**  
If, during the **Policy Period**, a transaction occurs wherein another entity gains control of the **"Named Insured(s)"** through the acquisition of more than fifty per cent (50%) of the assets of the **"Named Insured(s)"**, the **"Named Insured(s)"** merges into another entity or consolidates with another entity such that the **"Named Insured(s)"** is not the surviving entity, or the **"Named Insured(s)"** ceases to qualify as a non-profit entity under any federal, provincial or territorial legislation:  
(a) the **"Named Insured(s)"** must give written notice of such transaction to **"Premier"** within ninety (90) days after the effective date of such transaction and provide **"Premier"** with such information in connection therewith as **"Premier"** may deem necessary;  
(b) this Policy shall continue in full force and effect, but only with respect to **"Claim(s)"** for **"Wrongful Act(s)"** committed on or before the effective date of such transaction; and the entire premium for this Policy shall be deemed earned as of the date of such transaction.
11. **"Inter-Related Wrongful Act(s)" and Date of Claim(s)**  
More than one **"Claim(s)"** involving either the same **"Wrongful Act"** or an **"Inter-related Wrongful Act(s)"** shall constitute a single **"Claim(s)"** and such single **"Claim(s)"** shall be deemed to have been first made at the earliest of either:  
(a) the time the earliest **"Claim(s)"** was made and reported in accordance with Part IV, Item 13(a); or  
(b) the earliest time in which notice was given under any insurance Policy of any actual or alleged **"Wrongful Act(s)"** which is the basis of any **"Claim(s)"**.
12. **Non- Rescindable**  
This policy may not be rescinded by the **"Insurer"** solely with respect to coverage provided to the **Insured Person(s)** for Claims for which the Entity is not permitted to indemnify them or cannot indemnify them due to its financial **insolvency**.
13. **Notice of Claim(s)**  
(a) If during the **"Policy Period"** or Discovery Period, any **"Claim(s)"** is made against the **"Insured(s)"**, the **"Insured(s)"** shall, as a condition precedent to their right to coverage under this policy, give to **"Premier"** notice in writing as soon as practicable, but in no event later than 60 days after the termination date of this policy, of any such **"Claim(s)"**.  
(b) If during the **"Policy Period"** or the Discovery Period:  
(i) the **"Insured(s)"** shall receive written or oral notice from any party that it is the intention of such party to hold the **"Insured(s)"** responsible for a **"Wrongful Act(s)"**; or,  
(ii) The **"Insured(s)"** shall become aware of any fact, circumstance or situation which may reasonably be expected to give rise to a **"Claim(s)"** being made against the **"Insured(s)"** for a **"Wrongful Act(s)"**;  
And shall in either case during such period give written notice as soon as practicable to **"Premier"** of the receipt of such written or oral notice under Part IV, Item 13(b) (i) – Notice of **"Claim(s)"** or of such fact, circumstance or situation under Part IV, Item 13 (b) (ii) - Notice of **"Claim(s)"** then any **"Claim(s)"** which is subsequently made against the **"Insured(s)"** arising out of such **"Wrongful Act(s)"** shall for the purpose of this Policy be treated as a **"Claim(s)"** made during the **"Policy Period"** or Discovery Period.  
(c) The **"Insured(s)"**, following the furnishing of notice as provided in paragraphs (a), (b) and (c) of this section shall, as soon as practicable, furnish **"Premier"** with:  
(i) names of potential Claimants and a description of the specific **"Wrongful Act(s)"** which forms the basis of their potential **"Claim(s)"**, including the specific date(s) of the alleged **"Wrongful Act(s)"**;  
(ii) The identity of the specific **Insured(s)** allegedly responsible for such specific **"Wrongful Act(s)"**;  
(iii) The consequences which have resulted or may result from such specific **"Wrongful Act(s)"**;  
(iv) The nature of the potential monetary damages or non-monetary relief which may be sought in consequence of such specific **"Wrongful Act(s)"**; and,  
(v) the circumstances by which the **"Insured(s)"** first became aware of such specific **"Wrongful Act(s)"**. **"Premier"** shall have the right to examine under oath any **"Insured Person(s)"** of the **"Named Insured(s)"** at any time following the furnishing of such notice. Any notice shall be deemed to be given and received on the day and at the time it is so received by **"Premier"** at the address indicated in the Declarations.
14. **Order of Payments**  
If **"Loss"** from any **"Claim(s)"** covered under this Policy exceeds the remaining applicable Limit of Liability as set forth in Item 1 of the Declarations:  
(a) The **"Insurer"** will first pay **"Loss"** for such **"Claim(s)"** to which Insuring Agreement 1(a) applies; then  
(b) To the extent that any amount of the applicable Limit of Liability shall remain available, the **"Insurer"** shall pay **"Loss"** for such **"Claim(s)"** to which Insuring Agreements 1(b) and 1(c) apply.
15. **Other Insurance**  
If other valid and collectable insurance is available to any **"Insured(s)"** for any **"Loss"** that is covered under this policy, the **"Insurer"** under this Policy shall be liable for only the excess, if any, of any **"Loss"** over the applicable limit of the other insurance covering such **"Loss"**.  
  
This Policy shall not contribute to any **"Claim(s)"** that is less than or equal to the applicable limit of the other insurance covering such **"Claim(s)"**. In the event that any part of such other valid and collectable insurance is provided by another Policy of any member company of the Co-operators Group, the **"Insurer's"** liability hereon shall be reduced by the amount payable under such other policy.
16. **Severability of Application**  
In the event that the Application contains misrepresentations or material non-disclosures which materially affect either the acceptance of the risk or the hazard assumed by the **"Insurer"** under this Policy, this Policy shall be void and of no effect whatsoever, but only as against any **"Insured Person(s)"** who completed or signed the Application or had actual knowledge of such misrepresentation. However, Insuring Agreement 1(a) of this Policy shall not be rescinded by the **"Insurer"**.

Nothing in this clause shall increase the **"Insurer's"** maximum liability as set forth in Section I, Item 3 – Limit of Liability and **"Deductible"** of this Policy.

17. **Statutory Conformity**

Terms of this policy, which are in conflict with the statutes of the province or territory where the “**Named Insured(s)**” has its main address, are hereby amended to conform to such statutes.

18. **Subrogation**

In the event of any payment under this policy, the “**Insurer**” shall be subrogated to the extent of such payment to all rights or recovery therefore, and the “**Named Insured(s)**” or the “**Insured Person(s)**” shall execute all papers required and shall do everything that may be necessary to secure such rights including the execution of such documents necessary to enable the “**Insurer**” effectively to bring suit in the name of the “**Named Insured(s)**” or the “**Insured Person(s)**”.

**Form #S72062** (Rev. October 28, 2016)  
**D&O Extra Smart**

This endorsement modifies insurance provided under this Policy as the following conditions are added:

**1. Kidnap Reimbursement Expense**

The **"Insurer"** will reimburse the **"Named Insured"** for **"Kidnap Expenses"** resulting from a kidnap crisis of a director or officer of the Company or organization Named on the Schedule of the Policy. The Limit of Liability shall not exceed one hundred thousand (\$100,000) and is also subject to the Policy Aggregate as per Item 4(a) of the Limit of Liability & **"Deductible"** section.

The **"Insured(s)"** shall not incur **"Kidnap Expenses"**, or admit liability, offer to settle, or agree to any settlement in connection with any **"Claim(s)"** without the express prior written consent of the **"Premier"**, which consent shall not be unreasonably withheld.

Kidnap Reimbursement Expense coverage is limited to Canada and the United States of America (not including territories).

**2. Key Person Recruitment Reimbursement Benefit**

The **"Insurer"** will reimburse the **"Named Insured"** up to a maximum of \$25,000 for all reasonable expenses incurred for the purposes of recruiting a permanent replacement for a **"Key Person"** of the Company or organization named on the Schedule of the Policy resulting from bodily injury to, or the death of, such **"Key Person"**, caused by an accident. The Limit of Liability shall not exceed twenty five thousand (\$25,000) and is also subject to the Policy Aggregate as per Item 4(a) of the Limit of Liability & **"Deductible"** section.

**3. Additional Expenses Coverage**

Item 4(d) of the Limit of Liability & **"Deductible"** section is deleted and replaced with the following:

- (d) **"Costs, Charges and Expenses"** shall be part of and not in addition to the Limit of Liability as shown in the Schedule and such **"Costs, Charges and Expenses"** shall reduce the Limit of Liability as shown in the Policy Schedule, except in the event the **"Named Insured"** has exhausted all applicable Limits of Liability, there shall be an additional \$100,000 limit available for the purposes of **"Costs, Charges, and Expenses"** to the **"Insured Person(s)"**.

**4. Definitions**

For the purposes of this endorsement, the following definitions are added to the Policy:

- (a) **"Kidnap Expenses"** means **"Insurer"** will reimburse the **"Insured"** for the following reasonable expenses only:
- (i) Medical, dental, cosmetic, psychiatric services;
  - (ii) **"Crisis Management Services"**; and
  - (iii) Reasonable funeral expenses arising out of a death of an **"Insured Person"** as a direct result of the kidnap crisis. The Limit of Liability shall not exceed ten thousand (\$10,000) and is part of the total limit shown in Item 1 of this endorsement.
- (b) **"Crisis Management Services Expenses"** means services provided by private crisis management companies; specialty crisis support services; and personal security services.
- (c) **Key Person** means a partner or a key employee that provides a specialized skill or service for which the Company or organization has no immediate replacement and would not be able to continue operations.

All other terms, conditions and exceptions of this Policy remain unchanged.

October 29<sup>th</sup>, 2018

Hello MSR Owners,

This was a first year having a special projects committee. We as a committee feel like it was a great success. Our main goal for our first year was to mainly get our message out, **“That we are trying to bring our community closer together all while improving and maintaining our current recreational facilities.”**

Our hope was to achieve this by holding fun events for all ages throughout the most active months of the camping season. Events that would bring kids and adults alike together to meet new friends and/or enjoy the company of existing friends. All while raising some much-needed funds to improve the resorts recreational property and continue to have even more fun events.

This summer we hosted many great events from kid’s carnivals, paint nights to even a family pancake breakfast. All these events were a great success, we received some great feedback from all of those who participated and came out to support us. We thank you very much for that.

We were able to raise enough funds to make some much need future improvements to the existing playground area. As well add a really great addition to this existing playground that will hopefully cater not only to younger children but the older children as well. Our hopes were to start these improvements this fall but due to mother nature and her non-cooperative personality our plans got put on hold until early spring 2019.

Though we are quite proud of the accomplishments we made this past season, we as a committee will always strive for an even better season next year. We would love to see more of the owners participating in our events. So, we would love to hear from of all of you, with suggestions of events that you or your neighbour may be interested in seeing take place in the resort. Please email us at [MSRspecproj@shaw.ca](mailto:MSRspecproj@shaw.ca) with any suggestions. Our goals for future development starting in the late 2019 season will be, to hopefully raise enough money to start the multiuse recreational facility. This will be a fenced, paved or concrete area that will have multisport capability as well as a nice clean surface where we can hold future events. This space will be a great place for those of you who are hosting a family functions, where you may need a larger space to entertain, can potentially sign out for the day. We think this will be a great space that everyone can enjoy.

Yours Truly,  
Mountain Shadows Resort  
Special Projects Committee

November 15, 2018

Mountain Shadows Resort Owners' Corporation  
PO Box 412  
Radium Hot Springs, BC  
V0A 1M0

Attn: Shareholders for MSROC  
Re: Motion for "Special Projects" – 2018 AGM

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The Director will propose the following motion be put forward at the AGM:

Allocate Special Projects fund and monies raised through Special Projects fundraising for the purposes of playground facilities and multi-purpose recreational area within the Resort, with the authority for spending as determined by the Board as recommended by the Special Projects Committee.

As of November 15, 2018, there exists a balance of \$2,371.94 funds that are deposited in a separate bank account under MSROC that have been raised through various fundraising efforts (by donation) for the period after May 1, 2018 to present.

Thank you for your understanding,

A handwritten signature in blue ink that reads "Natasha Wilson". The signature is written in a cursive, flowing style.

Natasha Wilson, Director  
Mountain Shadows Resort Owners' Corporation

# *MSR Special Projects Committee*

## Who we are and our goals for Mountain Shadows

### *Who We Are:*

- A group of park shareholders elected to strive for park improvements and upgrades in the recreational realm
- Improving and upgrading the park will raise property value for each shareholder
- Maintaining improvements and upgrades is part of our mandate

### *Our Goals:*

- Big picture: add value to our park through recreational upgrades
- Raise the money to do so through special events at Mountain Shadows
- Have events that appeal to all members of the park
- Have recreational upgrades that will benefit all shareholders, raise property value, and attract potential buyers

### *Immediate Plans: Play Park Area:*

- In our first year we were very successful raising money; we will use it for upgrades
- Move existing park towards the shed/garage that Bob uses
- Fill the area around the park with pea gravel
- Remove the golf putting greens
- Change the position of the fence
- Repair/update the ladder
- Sand/stain the park
- New tube slide and straight slide
- Build an additional play structure with:
  - Monkey bars
  - Saucer swing
  - Climbing net/rope
  - Rock wall kit

*The goal is to appeal to all ages of kids and make the park fresh and safe*



### *Immediate Plans: Clubhouse*

- Clean up the clubhouse, donate old furnishings
- Purchase folding durable tables and chairs (ie Lifetime Brand)
- *Purpose is to create an area for gathering the community*
  - *Card nights, poker nights, paint nights, pancake breakfasts, crib nights etc*
  - *Clubhouse would be available for reservations to host parties and functions, free of charge*

### *Future Goal 1: Recreational Court*

- Now: fill and level the area between the clubhouse and park
- Have hard surface installed to create a clean area enclosed by a chain link fence
- Approximate size will be 50ft by 40ft
- Hard surface enclosed area for sports such as hockey, tennis, badminton, basketball, volleyball, ladderball
- Clean area to host park events such as potlucks, movie in the park, tourneys
- Can add tents to keep the space dry and use it as an event centre
- *Building community in the park by bringing people together*

### *What's Next?*

- Volunteers: we are always looking for people, *committed to helping out and attending* our meetings.
- Feedback: any constructive feedback and ideas can be emailed to [msrspecproj@shaw.ca](mailto:msrspecproj@shaw.ca)
- to increase support and attendance we will post a calendar of events in a public area next year; you can also follow us on Facebook at MSR Special Projects.

## Bylaw Committee Update

The current members of MSR bylaw committee were nominated by shareholders at last year's AGM for the purpose of developing a process by which lot owners at Mountain Shadows Resort can make suggestions on possible changes to our bylaws.

As such, the bylaw committee has developed a standardized form that any shareholder may use, should they want to request a change in any bylaw.

This form is now available on the shareholders members' website that the MSR board created earlier this year.

As the current bylaws dictate, there must be proper process in order to change any bylaws in the park. It goes as follows:

1. Shareholder submits the request to the bylaw committee via the standardized Bylaw Change Request Form.
2. Bylaw Committee votes on the change request. A majority vote pushes the change request to the next level which is the MSR board.
3. MSR board votes on the change request. If this change request is past by majority of board vote, the board submits the change request at the next AGM for full members vote.
4. Members in attendance of AGM vote on the change request. In order to execute any change in the bylaws, there must be at least 75% of attending shareholders in favor in order to change the bylaw.

The committee in the upcoming year will serve its shareholders by facilitating, where possible, any change requests presented by shareholders at MSR.

Thank you.

Bylaw Committee

November 15, 2018

Mountain Shadows Resort Owners' Corporation  
PO Box 412  
Radium Hot Springs, BC  
V0A 1M0

Attn: Shareholders for MSROC  
Re: Letter from the Treasurer – 2018 AGM

---

Since the dissolution of the Developer's Voting Trust and the election of Shareholders as Board Members at the October 2015 AGM, the Owner's Association continues to operate and manage your Resort.

The company's first active fiscal year was from May 1, 2016 through April 30, 2017, and the second active fiscal year was effective May 1, 2017 through April 30, 2018. The Owners' Association is currently in its third active year as an entity administered by volunteers elected by shareholders—volunteers who are your neighbours and enjoy the resort as you do.

Implementing a lesson learned from our 2017 AGM was to schedule the next AGM *after* the Financial Statements had been completed, allowing the final AGM Notice and Meeting Agenda to be issued with the final Financial Statements in the notice package—and is one of the primary reasons for the current timing of this year's AGM.

The documents attached to this letter contains the following

- The 2017-2018 Financial Statements as of April 30, 2018
- The 2017-2016 Financial Statements as of April 30, 2017
- Bookkeeping reports as of October 31, 2018 to provide an update for the current fiscal year
- The proposed base 2019-2020 Operating Budget for approval; including forecasted revenues, expenses and proposed owners' fees
- Special Business for shareholder vote

In the interest of addressing multiple inquiries for shareholders efficiently and effectively with respect to the information presented, The Board requests that all questions related to budgets and resolutions be asked at the appropriate time during the AGM.

Thank you for your understanding,

A handwritten signature in dark ink, appearing to read "B-Gilchrist", written over a faint rectangular grid or stamp.

Ben Gilchrist, Treasurer  
Mountain Shadows Resort Owners' Corporation

# **MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION**

## **Financial Statements** (Unaudited)

**For The Year Ended April 30, 2018**

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## REVIEW ENGAGEMENT REPORT

To the board of directors of Mountain Shadows Resort Owners' Corporation:

I have reviewed the balance sheet of Mountain Shadows Resort Owners' Corporation, as at April 30, 2018 and the statements of changes in retained earnings, income and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, 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.

### *Practitioner's Responsibility*

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagement, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagement is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Mountain Shadows Resort Owners' Corporation as at April 30, 2018 and the results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

These financial statements have been prepared by the same accounting firm that prepares the monthly bookkeeping for the corporation. This threat to independence has been mitigated by having the treasurer review all adjusting entries and financial reports. Although it was concluded that the threat to independence was reduced enough to permit the preparation of the review engagement users should be aware of this threat.

Invermere, BC  
October 1, 2018



Chartered Professional Accountant

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## BALANCE SHEET

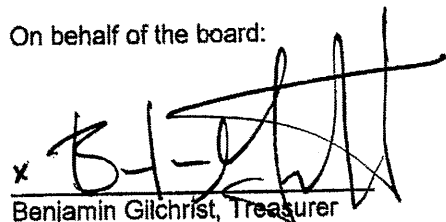
Page 3

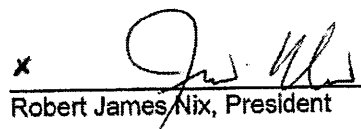
(Unaudited)

As At April 30, 2018

	2018	2017
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 21,920	\$ 28,200
Accounts receivable (note 4)	2,416	2,994
Prepaid expenses	5,273	195
	<b>\$ 29,609</b>	<b>\$ 31,389</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 14,126	\$ 12,742
Due to related party (note 6)	1,581	10,205
Government remittances payable (note 7)	2,866	3,141
	<b>18,573</b>	<b>26,088</b>
Deferred contingency fees (note 8)	11,945	5,704
	<b>30,518</b>	<b>31,792</b>
Commitments (note 10)		
<b>Shareholders' deficiency</b>		
Share capital (note 11)	2	2
Deficit	(911)	(405)
	<b>(909)</b>	<b>(403)</b>
	<b>\$ 29,609</b>	<b>\$ 31,389</b>

On behalf of the board:

x   
Benjamin Gilchrist, Treasurer

x   
Robert James Nix, President

The attached notes and review report are an integral part of these financial statements.

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## STATEMENT OF CHANGES IN DEFICIT

Page 4

(Unaudited)

For The Year Ended April 30, 2018

	2018	2017
Deficit - beginning	\$ (405)	\$ -
Net loss	(506)	(405)
Deficit - end	\$ (911)	\$ (405)

The attached notes review report are an integral part of these financial statements.

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## INCOME STATEMENT

Page 5

(Unaudited)

For The Year Ended April 30, 2018

	2018	2017
<b>Revenue</b>		
Owner assessments	\$ 124,830	\$ 111,432
Transfer fees	750	714
	<b>125,580</b>	<b>112,146</b>
<b>Expenses</b>		
Bank charges	241	83
Garbage	3,476	1,371
Insurance	5,187	4,205
Meeting expenses	648	171
Office costs	362	173
Professional fees	14,772	7,472
Property Tax	13,277	15,245
Repairs and maintenance	9,101	8,010
Resident manager service contract fees	28,800	13,200
Resident manager expenses	13,200	28,800
Telephone and cable	11,938	11,123
Utilities	24,701	22,303
Worker's compensation insurance	383	395
	<b>126,086</b>	<b>112,551</b>
<b>Loss before provision for tax</b>	<b>(506)</b>	<b>(405)</b>
<b>Provision for income tax</b>		
Income tax - current (note 9)	-	-
<b>Net loss</b>	<b>\$ (506)</b>	<b>\$ (405)</b>

The attached notes and review report are an integral part of these financial statements.

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## CASH FLOW STATEMENT

Page 6

(Unaudited)

For The Year Ended April 30, 2018

	2018	2017
<b>Operating activities</b>		
Net loss	\$ (506)	\$ (405)
<b>Change in non-cash working capital</b>		
Accounts payable and accruals	1,382	12,744
Accounts receivable	580	(2,994)
Government remittances payable	(275)	3,141
Prepaid expenses	(5,079)	(195)
	(3,392)	12,696
	(3,898)	12,291
<b>Financing activities</b>		
Deferred contingency fees collected	6,242	5,704
Due to related party - increase (decrease)	(8,624)	10,205
	(2,382)	15,909
<b>(Decrease) Increase in cash and cash equivalents</b>	<b>(6,280)</b>	<b>28,200</b>
<b>Cash and cash equivalents, beginning</b>	<b>28,200</b>	<b>-</b>
<b>Cash and cash equivalents, end</b>	<b>\$ 21,920</b>	<b>\$ 28,200</b>

The attached notes and review report are an integral part of these financial statements.

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

Page 7

(Unaudited)

**For The Year Ended April 30, 2018**

---

### 1. NATURE OF BUSINESS

This company was incorporated under the British Columbia Business Corporations Act on June 28, 2010. The corporation is responsible for managing and maintaining common area costs in an recreational vehicle (RV) style park operating under the name of Mountain Shadows RV Resort.

Mountain Shadows Resort Owners' Corporation has entered into an Agency, Nominee and Bare Trust Agreement, a Development Agreement, and a Co-ownership Agreement. It is also affected by the Disclosure Statement and its amendments by the Developer in accordance with the Real Estate Development and Marketing Act. These agreements provide the basis for the Company to assess shareholders of the corporation. The assessments provide for payment of operation and maintenance costs and allow for the establishment of a contingency fund for future costs. These agreements also provide the shareholders with guidance on the following:

- A definition of the lands in trust to the corporation.
- A definition of resort lands that are managed by the corporation.
- A right or exclusive license to use a specified plot of land for recreational vehicle purposes that is associated with the share purchased and co-ownership agreement.
- Bylaws and rules related to conduct and use of the lands.
- An outline of how the corporation is to function.
- Authority of the corporation for bylaws and rules.
- Rights related to who the developer is and what the developer can do with the lands.

The company was incorporated in 2010 but remained inactive until May 1, 2016. At that time the corporation took on the role of managing and maintaining the resort lands of Mountain Shadows RV Resort.

### 2. ACCOUNTING POLICIES

#### Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE") on a going concern basis and includes the following significant accounting policies:

#### Uses of estimates

When preparing financial statements in accordance with ASPE, it is required to make estimates and assumptions relating to the:

- Reported amounts of revenue and expenses for the year;
- Reported amounts of assets and liabilities;
- Disclosure of contingent assets and liabilities at the report date.

Assumptions are based on a number of factors; including historical experience, current events and actions that the company may undertake in future, and other assumptions believed reasonable under the circumstances. Periodically there is a review of these estimates and accordingly, adjustments made to these estimates are taken into income in the year in which it is determined. These estimates are subject to measurement uncertainty, and actual results may therefore differ from those estimates. Estimates are used when accounting for certain items, such as useful lives of property, plant and equipment, allowance for doubtful accounts, warranties and income tax.

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

Page 8

(Unaudited)

For The Year Ended April 30, 2018

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### 2. ACCOUNTING POLICIES - CONTINUED

#### Revenue recognition

Revenue assessments are of two types:

- a) Operating cost reimbursements are assessed and invoiced to shareholders of the corporation who have signed for an ownership interest in a developed site on the resort lands. The total assessment amount is determined by the annual budget that is approved and passed by the board of directors annually. Revenue on operating income is recognized when it is billed and determined to be due from the shareholder.
- b) The Co-ownership Agreement requires the corporation to charge shareholders a contingency fee in order to have funds available for future expected maintenance costs. These fees are billed to the shareholders who have signed for an ownership interest in a developed site on the resort lands. The assessed amount is set by the annual budget approved by the board of directors or by special meeting resolution of the board of directors. Contingency revenue is deferred and is recognized as revenue when the matching expense has arisen. Management has a policy to hold deferred contingency fees in a separate savings account.

#### Income tax

The company follows the tax payable method of accounting for income tax.

### 3. FINANCIAL INSTRUMENTS

The company's financial instruments consist of cash, receivables, prepaids, accounts payable, accrued liabilities, deferred revenues and amounts due to a related company. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, credit or currency risk arising from these financial instruments.

### 4. ACCOUNTS RECEIVABLE

	2018	2017
Accounts receivable - assessments	\$ 2,415	\$ 2,994

The accounts receivable represents fees that were issued as of April 30, 2018 to parties that had use of the Resort during the year but did not have full access to all common services provided to RV Sites.

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

Page 9

(Unaudited)

For The Year Ended April 30, 2018

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### 5. TITLES IN TRUST

Mountain Shadows Resort Owners' Corporation is the nominee of an Agency, Bare Trust and Nominee Agreement for three plots of land. This land is the site for the current Mountain Shadows RV community.

- Lot 1 District Lot 7913 Kootenay District Plan 10489
- Parcel A 1429711 District Log 7913
- Lot 1 District Lot 7913 Kootenay District Plan 1456

The nominee holds legal titles to these lands. The original beneficial owner of the property is Radium Mountain SR Developments Ltd. (the "Developer"). Through the process of purchasing the rights and license to a plot of land to be used for recreational vehicle purposes; the purchaser executes an instrument evidencing/transferring an equal 1/136 of the beneficial interest in the lands.

As at April 30, 2018 there are two personal property security act registered charges noted against the title of Parcel A (1429711) of District Lot 7913 Kootenay District and Lot 1 District Lot 7913 Kootenay District Plan 14156. The charge has been placed by the Bank of Nova Scotia and relates to securing loans used in the purchase of manufactured homes #79277 and #79782.

### 6. DUE TO RELATED PARTY

Radium Mountain SR Developments Ltd. is related to Mountain Shadows Resort Owners' Corporation as it is the developer of the resort lands maintained by the Owners' Corporation and is also a shareholder. The developer is a named party in the Development Agreement, the Disclosure Agreement, and the Co-ownership Agreement that all shareholders of Mountain Shadows Resort Owners' Corporation agree to and sign.

During the year \$3,992 plus GST tax was paid by the developer to the Owners' Corporation for assessments and fees for share transfers on some individual sites with which the developer had relationships with.

During the year \$2,192 was paid by the developer to the Owners' Corporation for a portion of property tax.

During the year there was \$13,200 plus GST tax charged by the developer to the Owners' Corporation for rent of a structure used by the manager of the corporation.

During the year there was \$214 plus GST tax charged by the developer to the Owner's Corporation for a portion of septic pumping costs.

The balance owed to the developer at year-end is as follows:

	2018	2017
Due due to Radium Mountain SR Developments Ltd.	\$ 1,581	\$ 10,205

All fees charged and collected were in the normal course of operations and are measured at the exchange amount, which is consideration established and agreed to by the related parties.

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

Page 10

(Unaudited)

For The Year Ended April 30, 2018

### 7. GOVERNMENT REMITTANCES PAYABLE

	2018	2017
GST sales tax	\$ 2,738	\$ 3,013
Worksafe British Columbia	128	128
	\$ 2,866	\$ 3,141

### 8. DEFERRED CONTINGENCY FEES

In accordance with section 3.9 of the Co-ownership agreement, Mountain Shadows Resort Owners' Corporation shall determine at the annual general meeting, or by way of unanimous resolution, amounts to be charged as contingency fees. These funds will be not less than 5% of the estimated common costs after the first annual general meeting and 10% of the annual contribution from members thereafter. These fees shall continue to accumulate until funds are at least equal to 25% of the total annual budget for the corporation is met. Expenditures from these funds will be used and recognized as revenue when an expenditure is required or upon special resolution by the board of directors.

Should the corporation dissolve, or cease to function, the amounts are due back to the unit holders for which the contributions were made:

	2018	2017
Deferred contingency fees, beginning	\$ 5,704	\$ -
Contingency fees collected	6,241	5,704
Expenditures	-	-
Deferred contingency fees, end	\$ 11,945	\$ 5,704

As at April 30, 2018 a cash value of \$5,200 had been deposited in a separate savings account. As of August 17, 2018 the total amount of \$11,945 had been deposited to the separate savings account.

### 9. CORPORATE TAX

The reconciliation of income tax is as follows:

	2018	2017
Net accounting income before income tax	\$ (506)	\$ (405)
Taxable income	(506)	(405)
Statutory rates	38%	38%
Income tax expense	\$ -	\$ -

As at April 30, 2018 the corporation has non-capital tax losses of \$911. This amount can be carried forward to future years to offset future taxable income.

These losses will expire as follows;

April 30, 2037 \$405

April 30, 2038 \$506

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

Page 11

(Unaudited)

For The Year Ended April 30, 2018

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### 10. COMMITMENTS

The corporation has a monthly rental arrangement for the house used as accommodation for the corporation's resident manager and equipment for the resort. The current monthly rent is at \$1,100 per month plus GST tax.

### 11. SHARE CAPITAL

Authorized  
No maximum      Class "A" common shares without par value  
No maximum      Class "B" common shares without par value  
No maximum      Class "C" common shares without par value

		2018	2017
Issued			
136	Class "A" common shares	\$ 2	\$ 2

# **MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION**

## **Financial Statements** (Unaudited)

**For The Year Ended April 30, 2017**

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## REVIEW ENGAGEMENT REPORT

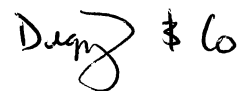
To the board of directors of Mountain Shadows Resort Owners' Corporation:

I have reviewed the balance sheet of Mountain Shadows Resort Owners' Corporation as at April 30, 2017 and the statements of changes in retained earnings, income and cash flows for the year then ended. My 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 company.

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

Except for any effect, if any, caused by the threat to independence described below, based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

These financial statements have been prepared by the same accounting firm that prepares the monthly bookkeeping for the corporation. This threat to independence has been mitigated by having the treasurer review all adjusting entries and financial reports. Although it was concluded that the threat to independence was reduced enough to permit the preparation of the review engagement by my accounting firm, users should be aware of this threat.



Invermere, BC  
September 21, 2017

Chartered Professional Accountant

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## BALANCE SHEET

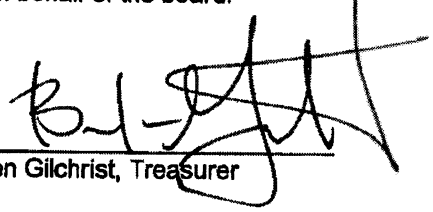
(Unaudited)

Page 3

As At April 30, 2017

	2017	2016
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 28,200	\$ -
Accounts receivable (note 4)	2,994	-
Due from related party (note 6)	-	2
Prepaid expenses	195	-
Titles in trust (note 5)	-	-
	<b>\$ 31,389</b>	<b>\$ 2</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIENCY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 12,742	\$ -
Due to related party (note 6)	10,205	-
Government remittances payable (note 7)	3,141	-
	<b>26,088</b>	<b>-</b>
Deferred contingency fees (note 8)	5,704	-
	<b>31,792</b>	<b>-</b>
Contingencies (note 10)		
<b>Shareholders' deficiency</b>		
Share capital (note 11)	2	2
Deficit	(405)	-
	<b>(403)</b>	<b>2</b>
	<b>\$ 31,389</b>	<b>\$ 2</b>

On behalf of the board:

x   
Ben Gilchrist, Treasurer

x   
Robert Lacey, President

The attached notes and review report are an integral part of these financial statements.

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## STATEMENT OF CHANGES IN RETAINED EARNINGS (DEFICIT)

Page 4

(Unaudited)

For The Year Ended April 30, 2017

	2017	2016
Retained earnings - beginning	\$ -	\$ -
Net loss	(405)	-
Deficit - end	\$ (405)	\$ -

The attached notes review report are an integral part of these financial statements.

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## INCOME STATEMENT

Page 5

(Unaudited)

For The Year Ended April 30, 2017

	2017	2016
<b>Revenue</b>		
Owner assessments	\$ 111,432	\$ -
Transfer fees	714	-
	<b>112,146</b>	-
<b>Expenses</b>		
Bank charges	83	-
Garbage	1,371	-
Insurance	4,205	-
Meeting expenses	171	-
Office costs	173	-
Professional fees	7,472	-
Property Tax	15,245	-
Repairs and maintenance	8,010	-
Resident manager service contract fees	28,800	-
Resident manager expenses	13,200	-
Telephone and cable	11,123	-
Utilities	22,303	-
Worker's compensation insurance	395	-
	<b>112,551</b>	-
<b>Loss before provision for tax</b>	<b>(405)</b>	-
<b>Provision for income tax</b>		
Income tax - current (note 9)	-	-
<b>Net loss</b>	<b>\$ (405)</b>	<b>\$ -</b>

The attached notes and review report are an integral part of these financial statements.

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## CASH FLOW STATEMENT

Page 6

(Unaudited)

For The Year Ended April 30, 2017

	2017	2016
<b>Operating activities</b>		
Net income	\$ (405)	\$ -
<b>Change in non-cash working capital</b>		
Accounts payable and accruals	12,744	-
Accounts receivable	(2,994)	-
Government remittances payable	3,141	-
Prepaid expenses	(195)	-
	12,696	-
	12,291	-
<b>Financing activities</b>		
Deferred contingency fees collected	5,704	-
Due to related party - increase (decrease)	10,205	-
	15,909	-
<b>Increase in cash and cash equivalents</b>	28,200	-
<b>Cash and cash equivalents, beginning</b>	-	-
<b>Cash and cash equivalents, end</b>	\$ 28,200	\$ -

The attached notes and review report are an integral part of these financial statements.

# **MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION**

## **NOTES TO THE FINANCIAL STATEMENTS**

Page 7

(Unaudited)

**For The Year Ended April 30, 2017**

---

### **1. NATURE OF BUSINESS**

This company was incorporated under the British Columbia Business Corporations Act on June 28, 2010. The corporation is responsible for managing and maintaining common area costs in an recreational vehicle (RV) style park operating under the name of Mountain Shadows RV Resort.

Mountain Shadows Resort Owners' Corporation has entered into a development agreement, disclosure agreements and a co-ownership agreements providing the basis for the company to assess shareholders of the corporation. The assessments allow for reimbursement of operating and maintenance costs and to allow for the establishment of a contingency fund for future costs. These agreements also provide the shareholders with the guidance on the following:

- A definition of the resort lands that are managed by the corporation.
- A right or license to exclusive use of a specified plot of RV land that is associated with the share purchased.
- Bylaws and rules relating to conduct and use of the land.
- An outline of how the corporation is to function.
- Authority for corporation to enforce by-laws and rules.
- Rights related to who the developer is and what the developer can do with the lands.

The company was incorporated in 2010 but remained inactive until May 1, 2016. At that time the corporation took on the role of managing and maintaining the resort lands of Mountain Shadows RV Resort.

### **2. ACCOUNTING POLICIES**

#### **Basis of presentation**

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE") on a going concern basis and includes the following significant accounting policies:

#### **Uses of estimates**

When preparing financial statements in accordance with ASPE, it is required to make estimates and assumptions relating to the:

- Reported amounts of revenue and expenses for the year;
- Reported amounts of assets and liabilities;
- Disclosure of contingent assets and liabilities at the report date.

Assumptions are based on a number of factors; including historical experience, current events and actions that the company may undertake in future, and other assumptions believed reasonable under the circumstances. Periodically there is a review of these estimates and accordingly, adjustments made to these estimates are taken into income in the year in which it is determined. These estimates are subject to measurement uncertainty, and actual results may therefore differ from those estimates. Estimates are used when accounting for certain items, such as useful lives of property, plant and equipment, allowance for doubtful accounts, warranties and income tax.

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## NOTES TO THE FINANCIAL STATEMENTS

Page 8

(Unaudited)

For The Year Ended April 30, 2017

### 2. ACCOUNTING POLICIES - CONTINUED

#### Revenue recognition

Revenue assessments are of two types.

- a) Operating cost reimbursements are assessed and invoiced to shareholders of the corporation who have signed for an ownership interest in a developed site on the resort lands. The total assessment amount is determined by the annual budget that is approved and passed by the board of directors annually. Revenue on operating income is recognized when it is billed and determined to be due from the shareholder.
- b) The co-ownership agreement requires the corporation to charge shareholders a contingency fee in order to have funds available for future expected maintenance costs. These fees are billed to the shareholders who have signed for an ownership interest in a developed site on the resort lands. The assessed amount is set by the annual budget approved by the board of directors or by special meeting resolution of the board of directors. Contingency revenue is deferred and is recognized as revenue when the matching expense has arisen.

#### Income tax

The company follows the tax payable method of accounting for income tax.

### 3. FINANCIAL INSTRUMENTS

The company's financial instruments consist of cash, receivables, prepaids, accounts payable, accrued liabilities, deferred revenues and amounts due to a related company. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, credit or currency risk arising from these financial instruments.

### 4. ACCOUNTS RECEIVABLE

	2017	2016
Accounts receivable - assessments	\$ 2,994	\$ -

The accounts receivable represent unpaid 2017 assessments made to shareholders. Amounts outstanding at April 30, 2017 were collected by the date of these financial statements.

### 5. TITLES IN TRUST

Mountain Shadows Resort Owners' Corporation is the nominee of an Agency, Bare Trust and Nominee Agreement for three plots on land. This land is the site for the current Mountain Shadows RV community.

- Lot 1 District Lot 7913 Kootenay District Plan 10489
- Parcel A 1429711 District Log 7913
- Lot 1 District Lot 7913 Kootenay District Plan 1456

The nominee holds legal titles to these lands. The beneficial owner of the property is Radium Mountain SR Developments Ltd. - the developer. The developer has through a development agreement, a disclosure agreement and its amendments and a co-ownership agreement, enables shareholders of the corporation rights and usage to this beneficial interest.

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

## Notes To The Financial Statements

Page 9

(Unaudited)

For The Year Ended April 30, 2017

### 6. DUE FROM RELATED PARTY

Radium Mountain SR Developments Ltd. is related to Mountain Shadows Resort Owners' Corporation as it is the developer of the resort lands maintained by the owners' corporation. It is also a shareholder. The developer is a named party in the development agreement, the disclosure agreement, and the co-ownership agreement that all shareholders of Mountain Shadows Resort Owners' Corporation agree to and sign.

During the year there were no fees charged to or from the developer but there were some payments and collections made on behalf of Radium Mountain SR Developments Ltd. The corporation leveraged this related party payable as a financing activity for initiating its role of managing and maintaining resort lands. This results in a related party balance at the end of the year as follows.

	2017	2016
Due due to (from) Radium Mountain SR Developments Ltd.	\$ 10,205	\$ (2)

### 7. GOVERNMENT REMITTANCES PAYABLE

	2017	2016
GST sales tax	\$ 3,013	\$ -
Worksafe British Columbia	128	-
	\$ 3,141	\$ -

### 8. DEFERRED CONTINGENCY FEES

In accordance with section 3.9 of the Co-ownership agreement, Mountain Shadows Resort Owners' Corporation shall determine at the annual general meeting, or by way of Unanimous Resolution, amounts to be charged as contingency fees. These funds will be not less than 5% of the estimated common costs after the first annual general meeting and 10% of the annual contribution from members thereafter. These fees shall continue to accumulate until funds are at least equal to 25% of the total annual budget for the corporation is met. Expenditures from these funds will be used and recognized as revenue when an expenditure is required or upon special resolution by the board of directors.

Should the corporation dissolve, or cease to function, the amounts are due back to the unit holders for which the contributions were made:

	2017	2016
Deferred contingency fees, beginning	\$ -	\$ -
Contingency fees collected	5,704	-
Expenditures	-	-
Deferred contingency fees, end	\$ 5,704	-

# MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION

Notes To The Financial Statements  
(Unaudited)

Page 10

For The Year Ended April 30, 2017

## 9. CORPORATE TAX

The reconciliation of income tax is as follows:

	2017	2016
Net accounting income before income tax	\$ (405)	\$ -
Taxable income	-	-
Statutory rates	38%	38%
Income tax expense	\$ -	\$ -

As at April 30, 2017 the corporation has non-capital tax losses of \$405. This amount can be carried forward to future years to offset future taxable income. These losses will expire April 30, 2037.

## 10. CONTINGENCIES

As at April 30, 2017 there is a mortgage registered against the title of Lot 1 District Lot 7913 Kootenay District Plan 10489 by Radium Mountain SR Finance Ltd. Mountain Shadows Resort Owners' Corporation holds the legal title of this property in trust and does not have a beneficial interest in the land. It is the opinion of the legal counsel for the corporation that this mortgage poses no liability risk to Mountain Shadows Resort Owners' Corporation. The corporation's legal counsel has advised that the mortgage is currently in the process of being discharged by the developer.

## 11. SHARE CAPITAL

Authorized  
No maximum      Class "A" common shares without par value  
No maximum      Class "B" common shares without par value  
No maximum      Class "C" common shares without par value

	2017	2016
Issued		
136      Class "A" common shares	\$ 2	\$ 2

# Mountain Shadows Resort Owners' Corporation

## Budget vs. Actual May through September 2018

	May - Sep 18	YTD Budget	Annual Budget	% remaining
Ordinary Income/Expense				
Income				
42050 · Owner Assessments	68,059.30	55,875.00	134,100.00	
42100 · Contingency Reserve - revenue	6,701.50	5,587.50	13,410.00	
42300 · Share Certif Transfer fee	0.00	0.00		
Total Income	74,760.80	61,462.50	147,510.00	49%
Expense				
60250 · AGM Expense	375.69	0.00	600.00	37%
60300 · Bank Charges	157.73	41.75	100.00	-58%
61700 · Computer and Internet Expenses	0.00	416.75	1,000.00	100%
62000 · Income Taxes	0.00	0.00	500.00	100%
63300 · Insurance Expense	2,239.23	2,250.00	5,400.00	59%
64900 · Office Supplies	0.00	250.00	600.00	100%
66000 · WCB	0.00	333.35	800.00	100%
66500 · Property tax	6,367.50	6,665.00	16,000.00	60%
66710 · Legal Fees	204.11	2,080.00	5,000.00	96%
66720 · Accounting Fees	2,031.00	3,125.00	7,500.00	73%
66800 · Res Mngr Contractor Svc	12,000.00	12,000.00	28,800.00	58%
66820 · Res Mngr House & Eqpmt	5,500.00	5,500.00	13,200.00	58%
67200 · Repairs and Maintenance	6,123.38	3,750.00	9,000.00	32%
68120 · Internet & Cable Service	5,884.20	5,000.00	12,000.00	51%
68610 · Electrical	12,331.69	12,500.00	30,000.00	59%
68620 · Garbage	1,650.00	1,040.00	2,500.00	34%
68630 · Water	120.85	0.00	0.00	#DIV/0!
Total Expense	54,985.38	54,951.85	133,000.00	59%
Net Ordinary Income	19,775.42	6,510.65	14,510.00	
Other Income/Expense				
Other Income				
42400 · Interest Income	1.81			
Total Other Income	1.81			
Net Other Income	1.81			
Net Income	19,777.23	6,510.65	14,510.00	

# Mountain Shadows Resort Owners' Corporation

## Balance Sheet

As of September 30, 2018

	Sep 30, 18	Sep 30, 17
<b>ASSETS</b>		
Current Assets		
Chequing/Savings		
11000 · Operating Chequing Acct	71,325.96	74,435.25
11500 · Contingency fund savings acct	11,949.00	0.00
11510 · Special projects savings acct	2,371.45	0.00
12000 · Accounts receivable	47,478.93	12,332.90
18067 · Prepaid - property tax	3,547.14	3,660.53
18070 · Prepaid - water	72.47	72.94
18072 · Prepaid Expense - AGM fees	1,080.00	600.00
<b>TOTAL ASSETS</b>	<b>137,824.95</b>	<b>91,101.62</b>
<b>LIABILITIES &amp; EQUITY</b>		
Liabilities		
Current Liabilities		
20000 · Accounts Payable	5,362.04	11,532.13
23000 · Due to/from Radium Mountain SR	5,775.00	-2.36
24010 · WCB Payable	127.68	127.68
25500 · GST/HST Payable	6,452.34	4,637.24
2684 · Deferred revenue	86,917.20	75,117.00
Total Liabilities	104,634.26	91,411.69
Equity		
21000 · Contingency Fees Fund	11,947.38	5,703.60
26000 · Owners' Donations Fund	2,375.50	0.00
32000 · Retained Earnings	-911.78	-406.12
32005 · Common Shares	2.36	2.36
Net Income	19,777.23	-5,609.91
Total Equity	33,190.69	-310.07
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>137,824.95</b>	<b>91,101.62</b>

November 15, 2018

Mountain Shadows Resort Owners' Corporation  
PO Box 412  
Radium Hot Springs, BC  
V0A 1M0

Attn: Shareholders for MSROC  
Re: Appointment of Auditors – 2018 AGM

---

The Treasurer will propose the following motion be put forward at the AGM:

Appointment of Auditors – The Treasurer nominates Digney & Co. as the appointed financial auditors (qualified accountant) for Mountain Shadows Resort Owners Corporation for the preparation of qualified review engagement financial statements

Remuneration for auditors shall continue to be determined by The Board

Thank you,

A handwritten signature in dark ink, appearing to read 'B-Gilchrist', written over a faint rectangular grid or stamp.

Ben Gilchrist, Treasurer  
Mountain Shadows Resort Owners' Corporation

MSROC Proposed Budget for 2018 AGM (as of November 15, 2018 - For 2018 AGM)	2017-2018 Fiscal Year May 1, 2017 to April 30, 2018 (Actuals)				2018-2019 Fiscal Year May 1, 2018 to April 30, 2019 (Current Fiscal Year)				2019 Fiscal Year May 1, 2019 to April 30, 2020 (Next Fiscal Year)									
Site Transfer and Other Revenues									Site transfer revenues	\$5,000.00	Notes							
									Site transfer expenses	<u>\$5,000.00</u>								
									Excess / Shortfall	\$0.00								
Base Common Expenses	BUDGET	ACTUALS	VARIANCE	Notes	BUDGET					BUDGET	Notes							
AGM	\$0.00	\$647.42	\$647.42		\$600.00					\$800.00								
Community Events	\$0.00	\$0.00	\$0.00		\$0.00					\$1,200.00								
Bank Charges	\$0.00	\$241.25	\$241.25		\$100.00					\$400.00								
Computer, Internet, IT, Website	\$0.00	\$0.00	\$0.00		\$1,000.00					\$800.00								
Income Taxes	\$500.00	\$0.00	-\$500.00		\$500.00					\$500.00								
Insurance	\$4,330.00	\$5,187.10	\$857.10		\$5,400.00					\$6,800.00								
Misc Expense	\$600.00	\$12.21	-\$587.79		\$600.00					\$600.00								
Office Supplies	\$0.00	\$349.34	\$349.34		\$0.00					\$500.00								
Payroll Expenses (WCB)	\$800.00	\$383.04	-\$416.96		\$800.00					\$500.00								
Property Tax	\$15,000.00	\$13,277.01	-\$1,722.99		\$16,000.00					\$16,000.00								
Legal Fees	\$5,000.00	\$6,738.26	\$1,738.26		\$5,000.00					\$9,600.00								
Accounting/Bookkeeping	\$6,000.00	\$8,034.00	\$2,034.00		\$7,500.00					\$9,600.00								
Resident Manager Contractor Services	\$28,800.00	\$28,800.00	\$0.00		\$28,800.00					\$42,000.00								
House and Equipment Rental	\$13,200.00	\$13,200.00	\$0.00		\$13,200.00					\$0.00								
Repairs and Maintenance Expenses	\$9,600.00	\$9,100.92	-\$499.08		\$9,000.00					\$12,600.00								
Telephone and Cable	\$9,000.00	\$11,937.62	\$2,937.62		\$12,000.00					\$15,500.00								
Utilities (Power)	\$27,000.00	\$24,409.84	-\$2,590.16		\$30,000.00					\$34,000.00								
Garbage	\$2,700.00	\$3,476.33	\$776.33		\$2,500.00					\$4,500.00								
Water, Septic Permit	<u>\$0.00</u>	<u>\$291.32</u>	<u>\$291.32</u>		<u>\$0.00</u>					<u>\$500.00</u>								
Subtotal Expenses	\$122,530.00	\$126,085.66	\$3,555.66		\$133,000.00					Base Operating Budget	\$156,400.00							
													101	No of RV Sites	14	No of MH Sites	21	Unserviced Sites
													100%	% of Fees	86%	% of Fees	65%	% of Fees
													\$1,384.00	Base RV Site Fee	\$1,186.00	Base MH Site Fee	\$900.00	Base Fee

November 15, 2018

Mountain Shadows Resort Owners' Corporation  
PO Box 412  
Radium Hot Springs, BC  
V0A 1M0

Attn: Shareholders for MSROC  
Re: Motion for "Emergency Preparedness" – 2018 AGM

---

On behalf of a shareholder request, the Secretary will propose the following motion at the AGM as Special Business:

Establish a Committee for Emergency Preparedness and/or Disaster Readiness Plan for the Resort.

Establish a placeholder for "Emergency Readiness" in the 2019-2020 Operating Budget, with the authority for spending to be determined by the Board, as recommended by the Committee.

The proposed budget for "Emergency Readiness" for the 2019-2020 Operating Budget is recommended at \$2,500.

Should the motion pass following a vote by shareholders, the Owners' Association will solicit volunteers for the Committee at the AGM.

Thank you for your consideration

Kalin Provan, Secretary  
Mountain Shadows Resort Owners' Corporation

November 15, 2018

Mountain Shadows Resort Owners' Corporation  
PO Box 412  
Radium Hot Springs, BC  
VOA 1M0

Attn: Shareholders for MSROC  
Re: Motion for "Depreciation Report" – 2018 AGM

---

The Treasurer will propose the following motion be put forward at the AGM as Special Business:

Direct the Board to solicit proposals and engage a qualified third party for a Depreciation Report for all Resort infrastructure and lands, with a final Depreciation Report to be presented by the Board at the next AGM.

Establish a placeholder for "Depreciation Report" in the Operating Budget, with the authority for spending as determined by the Board.

The proposed budget for "Depreciation Report" for the 2019-2020 Operating Budget is recommended at \$6500.

A Depreciation Report tells a corporation what common property (including buildings, roads, recreational items, etc.) it has and what are the project maintenance, repair and replacement costs over its lifecycle (i.e. 30 year time span).

A Depreciation Report helps site owners and the corporation to protect assets and capital investments and provides valuable information to prospective purchasers, financiers, and insurance providers.

A Depreciation report is required for entities incorporated under the *Strata Property Act (British Columbia)*, such as condominiums or townhouses. Mountain Shadows Resort Owners' Corporation is a private corporation incorporated under the *Business Corporations Act (British Columbia)* and is not obligated for Depreciation Report; however The Board recommends this deliverable as a tool to understand the capital requirements and forecasting for maintenance and lifecycle upgrades which would enhance the sustainability and value of the Resort.

Thank you for your understanding,

A handwritten signature in dark ink, appearing to read 'B-Gilchrist', with a stylized, overlapping flourish to the right.

Ben Gilchrist, Treasurer  
Mountain Shadows Resort Owners' Corporation

November 15, 2018

Mountain Shadows Resort Owners' Corporation  
PO Box 412  
Radium Hot Springs, BC  
V0A 1M0

Attn: Shareholders for MSROC  
Re: Motion for "Amenity and Capital Improvements" – 2018 AGM

---

The Treasurer will propose the following motion be put forward at the AGM as Special Business:

Allocate any/all surplus funds (if any) in the 2018-2019 Operating Budget for the purposes of Amenity and Capital Improvements in the Resort, with the authority for spending as determined by the Board.

Establish a placeholder for "Amenity and Capital Improvements" in the 2019-2020 Operating Budget, with the authority for spending as determined by the Board.

The proposed budget for "Amenity and Capital Improvements" for the 2019-2020 Operating Budget is recommended at \$9,200.

The following items have been identified as the priority within the "Amenity and Capital Improvements" budget, with funds to be allocated towards these components as the first priority.

WIFI upgrades within the Resort  
Improved Safety and Security of the Resort  
Improvements to Recreational Facilities  
Improvements to Laundry Facilities

Thank you for your understanding,

A handwritten signature in dark ink, appearing to read "B-Gilchrist", written over a faint rectangular grid.

Ben Gilchrist, Treasurer  
Mountain Shadows Resort Owners' Corporation

November 15, 2018

Mountain Shadows Resort Owners' Corporation  
PO Box 412  
Radium Hot Springs, BC  
V0A 1M0

Attn: Shareholders for MSROC  
Re: Motion for "Purchase of Assets" – 2018 AGM

---

The Treasurer will propose the following motion be put forward at the AGM as Special Business:

Provide authorization to pursue purchase of assets from the Developer; including but not limit to

- Rights to the House
- Rights to the Equipment on-site
- Developer's Residual Shares
- Developer's Beneficial Interest in Lands
- All rights of the "Developer" or "Owner" within Agreements, including but not limited to:
  - Agency, Bare Trust and Nominee Agreement
  - Development Agreement
  - Co-Ownership Agreement
- Non-Confidential Books and Records

A "condition precedent" to any Purchase Agreement shall require a motion to be presented by the Board and carried by Shareholders at an AGM or Special Meeting.

*(the principles of the Agreement may to be subject to vote by shareholders, the Agreement itself may contain components that are confidential until the closing date)*

Arrange for the option of financing for a potential purchase, and may include financing within a motion to approve a Purchase.


Should a purchase of assets from the Developer not be feasible, evaluate and recommend alternatives to Shareholders.

Report back to Shareholders no later than April 30, 2019.

Reallocate the current placeholder of "House and Equipment Rental" budget of \$13,200 within the 2018-2019 Operating Budget to cover "Potential Purchase Due Diligence" for the purposes of pre-purchase due diligence (such as, but not limited to, legal costs, inspection costs, assessment costs, etc.) and/or alternatives recommendation.

A comprehensive overview of the "Purchase of Assets" will be presented by The Board at the AGM.

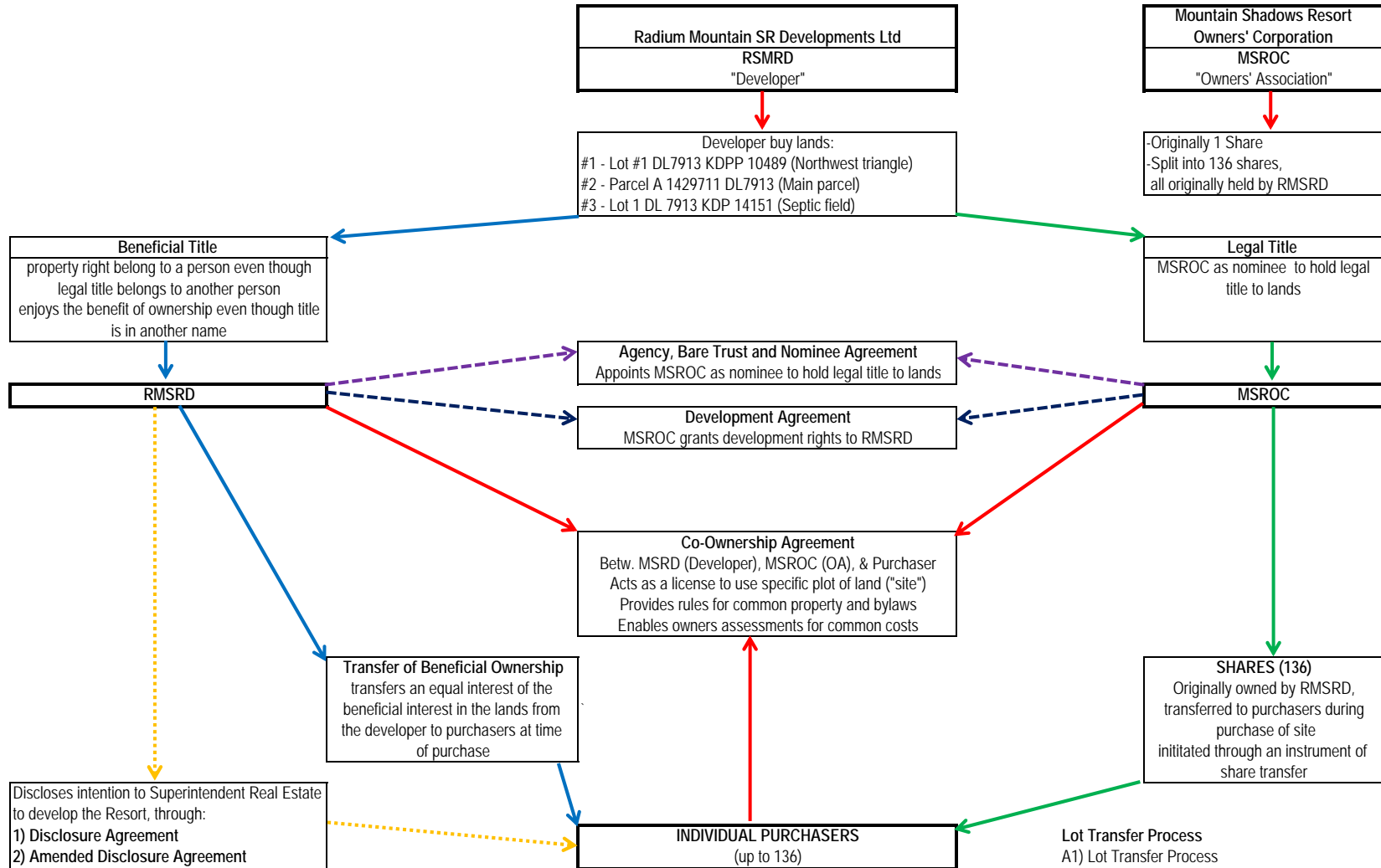
Thank you for your understanding,



Ben Gilchrist, Treasurer  
Mountain Shadows Resort Owners' Corporation

# Conceptual Corporate Structure for Mountain Shadows Resort

November 15, 2018




This conceptual corporate structure is for information only and is subject to change  
This document has not been reviewed by legal counsel for MSROC, and is subject to further modification  
MSROC will not be liable for the use and interpretation of this document. The user shall do so at its own risk

- Lot Transfer Process**
- A1) Lot Transfer Process
  - A2) Purchase Agreement / Acknowledgement
  - A3) Lot Transfer Fee
  - A4) Instrument of Transfer
  - A5) Transfer of Beneficial Ownership Agreement
  - A6) Co-Ownership Agreement
  - A7) Direction to Transfer Shares
  - A8) Instructions from MSROC to Corporate Lawyer
  - C1) Directors resolutions
  - C2) Share Certificates

PLAN EPP5795

BCGS 82K.060



The intended plot size of this plan is 560mm in width by 864mm in height (D size) when plotted at a scale of 1:1500.

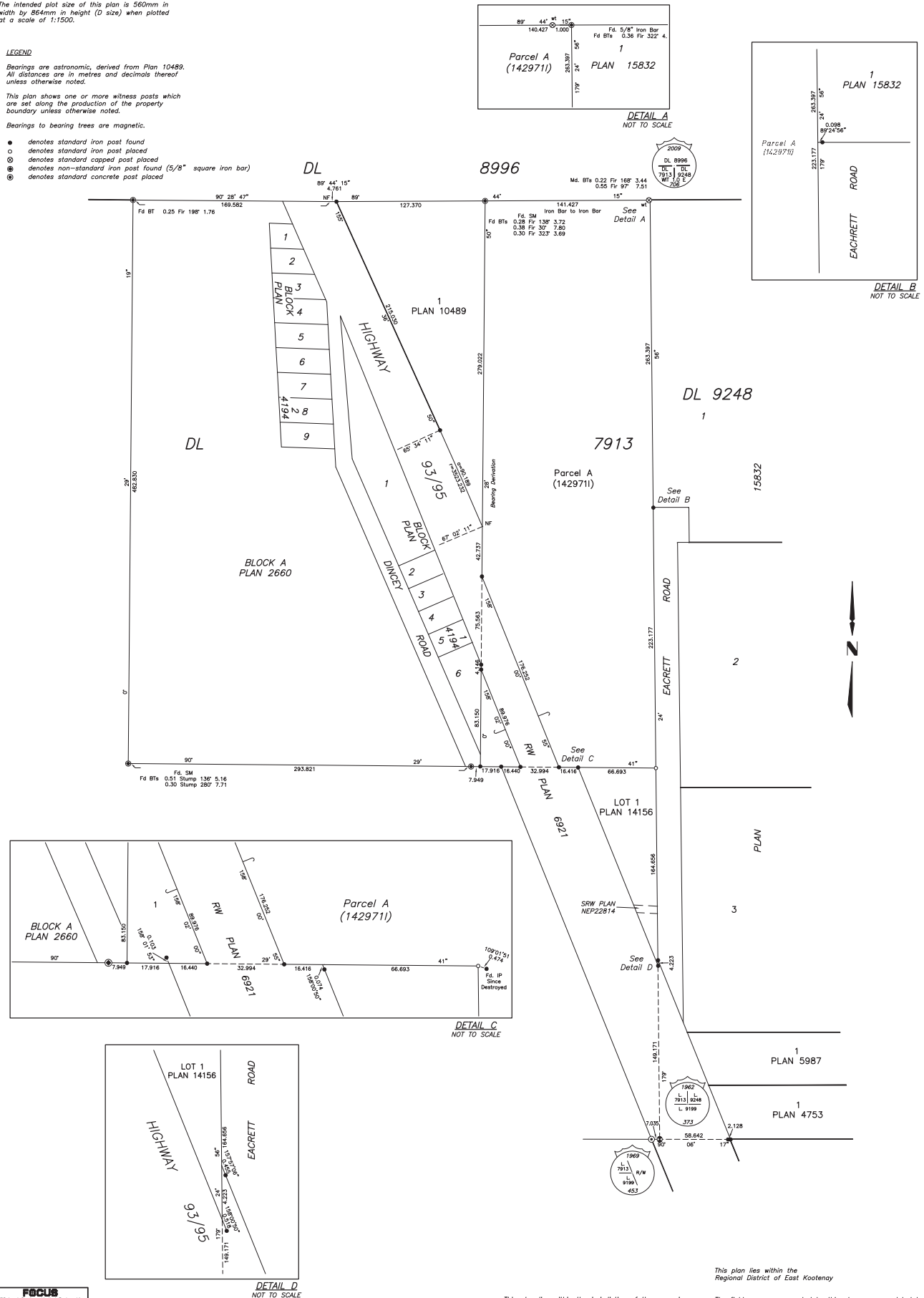
LEGEND

Bearings are astronomic, derived from Plan 10489.  
All distances are in metres and decimals thereof  
unless otherwise noted.

*This plan shows one or more witness posts which are set along the production of the property boundary unless otherwise noted.*

*Bearings to bearing trees are magnetic.*

- denotes standard iron post found
- denotes standard iron post placed
- ⊗ denotes standard capped post placed
- ⊕ denotes non-standard iron post found (5/8" square iron bar)
- ⊙ denotes standard concrete post placed



*This plan lies within the  
Regional District of East Kootenay*

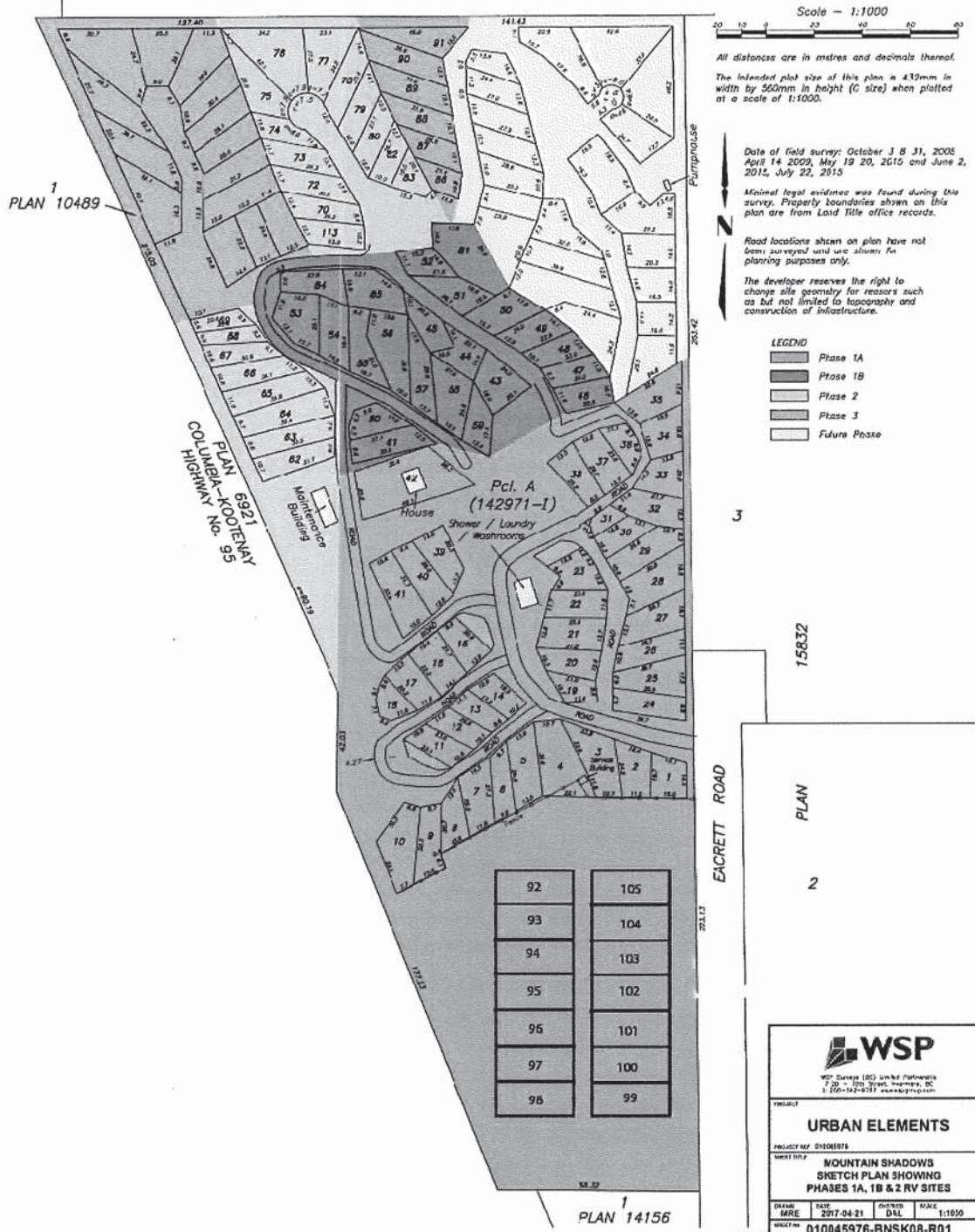
*This plan lies within the jurisdiction of the approving officer for the District of Sparwood.*

The field survey represented by this plan was completed by Bronwyn D. Denton, B.C.L.S. on the 15th day of June, 2009.

## Schedule "B"

## SITE PLAN OF THE LOTS

SKETCH PLAN SHOWING RV SITE LOCATIONS ON LOT 1 PLAN 10489  
AND PARCEL A 142971-I, KOOTENAY DISTRICT





**MOUNTAIN SHADOWS RESORT OWNERS' CORPORATION  
(THE "COMPANY")**

**BOARD OF DIRECTORS NOMINATION FORM**

*This form has been provided for those individuals who cannot attend the AGM or would like to submit their name in advance. Nominations will also be accepted at the AGM.*

I, \_\_\_\_\_, of \_\_\_\_\_,

wish to allow my name to stand for election as a member of the Board of Directors of

Mountain Shadows Resort Owners' Corporation

I, \_\_\_\_\_, of \_\_\_\_\_,

wish to nominate \_\_\_\_\_ for election as a member of the

Board of Directors of Mountain Shadows Resort Owners' Corporation.

Signed this day: \_\_\_\_\_ (print date)

Site number(s): \_\_\_\_\_

Shareholder name: \_\_\_\_\_ (print name)

\_\_\_\_\_  
(signature)

Completed nomination forms must be emailed to [msownersassoc@shaw.ca](mailto:msownersassoc@shaw.ca) by November 30, 2018



If you are unable to attend the AGM in person, please take the time to complete this proxy form and ensure that it is given to the Proxy Holder.

**MOUNTAIN SHADOWS RESOT OWNER'S CORPORATION (THE "COMPANY") PROXY**

The Undersigned, being a shareholder of the Company, hereby appoints \_\_\_\_\_  
Or, failing that person, \_\_\_\_\_ as proxy holder for the undersigned to attend, act and  
vote for and on behalf of the undersigned at the Annual General Meeting of shareholders of the company  
to be held on December 6<sup>th</sup>, 2018.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is  
given in respect of all shares registered in the name of the undersigned): \_\_\_\_\_

Signed this day \_\_\_\_\_ 2018

Site number (s): \_\_\_\_\_

Share Holder Name (Please Print) (Signature)

\_\_\_\_\_  
Completed proxies must be brought to the AGM by the Proxy Holder  
Or submitted in advance to the board @ [msownersassoc@shaw.ca](mailto:msownersassoc@shaw.ca)