

**ONTARIO
SUPERIOR COURT OF JUSTICE**

IN THE MATTER OF Simcoe Condominium Corporation Number 32

Applicant

**AFFIDAVIT OF MINA LAWRENCE,
SWORN DECEMBER 19, 2011**

I, MINA LAWRENCE, of the City of Orillia, in the County of Simcoe, MAKE
OATH AND SAY:

1. I am the president of Simcoe Condominium Corporation Number 32 (hereafter "SCC 32") and as such have knowledge of the matters hereinafter deposed to.
2. SCC 32 was established in 1980. It was established as a time share condominium. My understanding is that it is only one of a handful of time share condominiums in Canada and that it was one of the first time share condominiums in Ontario. The unit owners own their unit outright; it is not a leasehold arrangement of 40 years and the like as exists with the vast majority of time shares that are common today.
3. **Attached as Exhibit "A"** to this my affidavit is a copy of the Declaration for the condominium, as registered on title.
4. In the last few years there has been a slow erosion in the sale of condominium units. Some owners have stopped paying their condo fees. There was one operator which had a number of units and when they went bankrupt they handed

all their units back. Attached as Exhibits B, C and D to this my affidavit are the audited financial statements for SCC 32 for the years 2008, 2009 and 2010, respectively.

5. As the business slowed SCC 32 began to cut back on some of the services it was offering such as shorter hours for the pool, less intensive landscaping, fewer hours for the staff and the like. SCC 32 tried to drum up sales however the tide has not been turned.
6. In 2010 we as a board became concerned about the long term viability of SCC 32 on account of the slowly deteriorating financial status. As a result a letter was circulated to the perspective purchasers cautioning about the condominium corporation's status. Attached as Exhibit "E" to this my Affidavit is copy of that letter.
7. In 2011 the board sought advice from the corporation's accountant, Jack Booth, C.A. The board also sought advice from Morgan & Associates and specifically John Morgan, a chartered accountant and trustee in bankruptcy as to options for SCC 32.
8. SCC 32 is solvent and has healthy reserves. The condominium corporation has no debt. That said, it is in a slow decline and the board does not believe we are in a position to pull out of that. The options are therefore trying to either rebuild interest in the condominium, or wind down the condominium and sell the assets now on terms that the owners find desirable and may result in a distribution rather than awaiting an eventual distress situation. Based on the current situation it is unlikely the condominium corporation can be kept operating through 2013.
9. The board did not want to make such a substantial decision without consulting with the owners. Therefore an information package was assembled and delivered

to the owners and they were asked to cast a ballot as to what they wished to see happen with the condominium, i.e. sell it or attempt to continue operating. The results were as follows:

Total number of possible votes	2,193
Yes votes from owners	1,255
Yes votes from SCC 32	369
No votes from owners	60
Number of persons not voting	509

We also broke down the voting on a unit by unit basis. Attached as **Exhibit "F"** to this my Affidavit is a tally of the yes votes on a unit by unit basis. The board of course has no definite way of knowing how the 509 persons who did not vote at all feel, however on such a matter I doubt that they would have stayed silent if they wished to see the condominium corporation carry on. I have been a member of the condominium ever since 1980 and as a result I know a great many of the people who have units here. To almost everyone I spoke with there seemed to be a sense of inevitability about the sale of the condominium.

10. While the board is satisfied with the validity of the vote the board is not content to rely upon the vote as the sole authority for placing SCC 32 up for sale. The board's unanimous preference is for a judicially authorized process under s. 128 of the *Condominium Act*. We believe this is the only way the sale can be done in an orderly manner and if some owners take issue with the sale process then there is a judicial process to deal with objections in a timely and fair manner.

SALE

11. So as to be in a position to conduct this sale in a logical and prudent manner the board sought out real estate appraisers to give the board an opinion on a reasonable market value for the property. Four different appraisers with were

(4)

contacted and given an opportunity to provide an outline and quote for their services. The following firms were asked to provide quotes for appraisals: Scanlon & Associates; CBRE Hotels; Canada Appraisals; and Cushman & Wakefield. Canada Appraisals was not interested in the file. The board's initial desire was for Scanlon and Associates, who are a local firm to perform the appraisal. However, Mr. Scanlon's quote was for \$25,000.00 compared to the other three firms who all quoted in the \$8,000.00 to \$9,000.00 range. Attached as **Exhibit "G"** to this my Affidavit is a copy of the proposal from Cushman Wakefield Ltd. for their services. It is not the board's intent to disclose the results of the appraisal but rather to use it as a guide in establishing a value and to weigh it against any offers received.

12. Several area real estate agents were canvassed to provide a marketing proposal for the property. Unfortunately from the response it appeared there was less interest in taking on this listing as the board hoped. Proposals were received from two local real estate agents, namely Roger Selman and Harold Holmes both with Century 21 although different area offices. Attached as **Exhibit "H"** to this my Affidavit is a copy of Mr. Selman's proposal. I have omitted his hard copy of a power point presentation and redacted his recommended list price. Attached as **Exhibit "I"** to this my Affidavit is a copy of Mr. Holmes's proposal.
13. During our discussions with Cushman Wakefield, their appraiser Charles Suddaby stated to the board that their realty arm would also be interested in the listing. We were put on to Mr. Curtis Gallagher of Cushman Wakefield who also set out their marketing proposal within the above referenced quote. Furthermore Cushman Wakefield offered that if they received the listing and they were the listing agent at the time of any sale, they would credit back the appraisal cost from the commission. After some discussion the board decided that Cushman Wakefield Ltd. would be the most appropriate listing agent; however at this point, Cushman Wakefield is requesting an exclusive listing. The board is therefore going to consider narrowing the exclusive period, and if that cannot be done, is not ruling

our Mr. Selman or Mr. Holmes as an alternative. Attached as Exhibit "J" to this my Affidavit is the Listing Agreement we are prepared to execute with Cushman Wakefield, subject to the court's approval and subject to the above.

MORTGAGES

14. Back when Inducon Development Corporation ("Inducon") was marketing SCC 32, Inducon was offering mortgages to finance the purchase. Several mortgages remain on title to various units, and those are set out in a schedule attached as Exhibit "K" to this my affidavit. Inducon went bankrupt in 1992. Attached as Exhibit "L" to this my affidavit is a Bankruptcy and Insolvency Search reflecting this. I believe that these mortgages are simply remnants on title, long ago paid off, but discharges never actually registered. I am advised by Barb Burton who worked for the former solicitors for SCC #32 (the firm of Bourne Jenkins & Mulligan) and I believe that they could never get the trustee to respond to requests for discharges. In some situations owners were resorting to allowing their condo fees to go into arrears and SCC would lien and power of sale units, to clear title. I ask these mortgages be deleted from title.
15. There are 2 private mortgages on title, one probably either a vendor take back or an interfamily loan and the other appears to be an interfamily matter. Attached as Exhibit M and N to this my affidavit is a copy of the said instruments. If a discharge cannot be obtained by the unit owners, I ask for an Order it be deleted from title, if necessary with an Order that no distribution be made to the unit owner without a further Order, or the agreement of the mortgagee.

CONDOMINIUM LIENS

16. There are a number of condominium liens registered on title as instrument number 217179 to 217254. These date from the trustee having liened units owned by Inducon in favour of SCC 32. We are attempting to delete these liens ourselves,

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but if we cannot do so for any reason, I ask for an order permitting them to be deleted from title.

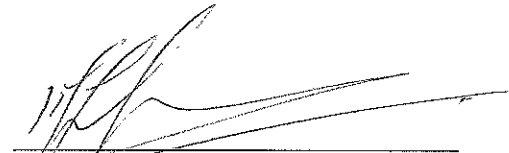
17. I make this Affidavit in support of an Application and for no other or improper purpose.

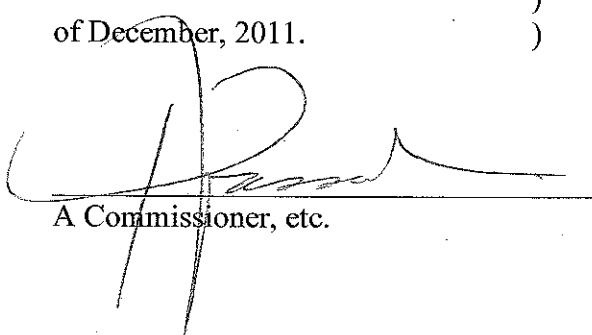
Sworn Before me a the)

City of Orillia, in the County)

of Simcoe, this 19 day)

of December, 2011.)


MINA LAWRENCE


A Commissioner, etc.

1

NO EXECUTIONS

27025

PROPERTY OF
LAND TITLES OFFICE

1980 JAN 15 PM 2 40

DATED the 5th day of January, 1980

No. 27025

Received in the Office of Land Titles

at Barrie at 2:40 P.M.

on the 15 day of Jan 1980

and entered in

Parcel Plan - 1

Section m1-111

Dep. Registrar

DECLARATION MADE PURSUANT TO THE

CONDOMINIUM ACT, S.O.

Jan 31

FRASER & BEATTY
Barristers and Solicitors
First Canadian Place
P.O. Box 100,
Toronto, Ontario
MSX 1B2

164-

This is Exhibit A referred to in the
affidavit of Mona Lawrence
sworn before me, this 19th
day of December 2011

[Signature]
A COMMISSIONER FOR TAKING AFFIDAVITS

DECLARATIONMADE PURSUANT TO THE CONDOMINIUM ACT, 1978

The 5th day of January, 1980 by

INDUCON DEVELOPMENT CORPORATION, a
corporation incorporated under the laws of the
Province of Ontario,

hereinafter called the "Declarant".

1. Statement of Intent

The Declarant intends that the lands described in Schedule "A" annexed hereto on which fifty-three (53) units have been built be governed by The Condominium Act, 1978 as amended (the "Act"), and that the terms used herein have the same meaning as in the Act unless otherwise specified.

2. Consent of Mortgagees

The consents of persons having registered mortgages against the lands or interests appurtenant to the lands are annexed hereto as Schedule "B".

3. Unit Boundaries

The boundaries of the various units shall be as set out in Schedule "C" annexed hereto.

4. Common Interest

The common interest appurtenant to each unit, respectively, expressed in percentages, shall be as set out in Schedule "D" annexed hereto.

5. Common Expenses

The proportions in which the owners of the units are to contribute to common expenses, respectively, expressed in percentages, shall be as set out in Schedule "D" annexed hereto. Provided that in the case of any unit to which section 9 hereof applies, ("Time Shared Unit") and so long as said section applies thereto by reason of the existence of a Time Sharing Agreement as described therein, the liability of any owner holding an interest in such a unit as a tenant in common shall be limited to 1.9608% (1/51) of the common expenses charged to the unit multiplied by the number of Weeks (as defined in the Time Sharing Agreement) that the owner in question is entitled to use and occupy said unit pursuant to the Time Sharing Agreement.

6. Common Expenses - Specification

The common expenses shall be expenses of the performance of the objects and duties of the Corporation and the expenses listed in Schedule "E" annexed hereto.

7. Limited Common Elements

The owners of the units designated in Schedule "F" annexed hereto shall have the exclusive use for themselves and those claiming under them of those parts of the common elements (herein called "limited common elements") set out in said Schedule "F", respectively, and no other owner or person claiming under such other owner shall use said parts of the common elements without the express consent of the owner or owners entitled to the exclusive use thereof.

8. Occupation and Use

8.1 No unit or limited common element shall be used in such a manner as to constitute a nuisance to the owners of other Units, but the normal use of (I) Units 1, 2, 3, 4, 25, 26, 27, 28 and 29 Level 1 for restaurant, banquet hall, hotel lobby, washroom, retail, commercial or administrative purposes, (II) Unit 15 Level 1 for swimming pool and recreational purposes and (III) other units for short term private occupancy, shall not be deemed a nuisance.

8.2 In no event shall any unit be used in such manner as to give rise to the cancellation or threat of cancellation of any policy of insurance maintained by the Corporation.

9. Sales, Gifts and Leases of Time Shared Units

9.1 The provisions of this Section 9 shall apply to each of Units 5 to 14 (both inclusive) and 16 to 24 (both inclusive) Level 1 and 1 to 24 (both inclusive) Level 2 ("Time Shared Units") so long as there is in effect with respect to the unit in question an agreement ("Time Sharing Agreement") allocating the right of possession of the Time Shared Unit between or among persons holding title to the unit as tenants in common, and so long as notice of such Time Sharing Agreement is registered against the title to such unit.

9.2 It is the intent of the provisions of this Section 9 that those holding title to a Time Shared Unit as tenants in common shall be at liberty to sell, make a gift of or lease their interest provided the person so acquiring their interest or any part thereof agrees to be bound by the provisions of the Time Sharing Agreement in a form satisfactory to the Manager named in or appointed under such agreement.

9.3 No person owning an interest in a Time Shared Unit, or having a power to sell or appoint such interest, shall sell or give, by any means, such interest or part thereof to any person, nor shall any person so acquire such an interest, without the written consent of the Manager named in or appointed under the provisions of the Time Sharing Agreement applicable to such Unit (the "Manager"). This provision shall not apply to sales by the Declarant.

9.4 The consent of the Manager shall be given in any case where it is required under Section 9.3 or where it may otherwise be requested where the person acquiring an interest in a Time Shared Unit, while legally competent to do so, enters into an Agreement to adhere to and be bound by the provisions of the Time Sharing Agreement. Such Agreement (to be known as an Assumption Agreement) shall be in the form annexed as Schedule "G" subject to such changes, additions or deletions as may be approved from time to time by or on behalf of the Manager, such approval to be conclusively evidenced by execution of the Assumption Agreement by the Manager.

9.5 No lease, sublease or agreement in the nature thereof, affecting any Time Shared Unit, shall be entered into or take effect without the prior written consent of the Manager which shall not be withheld provided the lessee, sublessee or occupant agrees in writing in form satisfactory to the Manager to abide by the provisions of the Time Sharing Agreement while in occupation of the unit, to the same extent as would be required from the Owner.

9.6 No person shall use or occupy a Time Shared Unit, or be entitled to enforce any right to use or occupy a Time Shared Unit, however acquired, against other persons owning an interest therein or against the Manager, unless he is:

- (i) a party to a Time Sharing Agreement in effect at the time with respect to the Time Shared Unit;
- (ii) a person whose acquisition of an interest has been consented to by the Manager as aforesaid;
- (iii) a person whose entitlement to use and occupy the Unit under a lease, sublease or agreement has been consented to by the Manager under Section 9.5;
- (iv) a person entitled to use and occupation under arrangements approved by the Manager for the exchange of short term rights of occupation between or among owners and persons holding similar rights in projects located elsewhere; or
- (v) the Declarant, its successors or assigns, or any person permitted by them to occupy the Time Shared Unit as a hotel guest, but such occupancy shall not

affect any Time Sharing Agreement;

or unless he is a member of the family or a guest of an individual person referred to in items (i) to (v) inclusive.

10. Leases of Units other than Time Shared Units

10.1 No person shall enter into a lease, sublease or agreement in the nature thereof affecting any unit nor shall any person occupy or use a unit pursuant to such a lease, sublease or agreement in the nature thereof, unless:

- (a) Section 9.5 applies and is complied with; or
- (b) the lessee, sublessee or person entitled to occupation agrees in writing with the Corporation to be bound by and subject to all the obligations of the Unit Owner arising under the Act, this Declaration, the By-laws and/or the Rules.

11. Duties of Corporation

11.1 In addition to its duties under the Act, the Corporation shall have the following duties which are specified in recognition, among other things, of the intended use of the property:

- (a) the duty to enter into Time Sharing Agreements as defined in Section 9.1 for the purpose of providing residual or supervisory services to owners of Time Shared Units including a means of replacing the Manager and the Club Administrator thereunder and of requiring audits of Manager's accounts if and when necessary;
- (b) the duty to appoint and at all times to have a manager of the Corporation (who may, but need not necessarily be, the same person as the Manager or Club Administrator under Time Sharing Agreements);
- (c) the duty to enter into and at all times maintain an insurance trust agreement with a Trust Company registered under The Loan & Trust Corporations Act, or a Chartered Bank or in the event such institutions refuse to act, such other corporation or institution as may be authorized to act as an insurance trustee. Such agreement shall provide that the trustee shall hold all insurance proceeds in trust and shall disburse the proceeds to the Corporation or the owner for the purpose of paying costs incurred in connection with fulfillment of their respective obligations to repair or, in the event of termination of the Condominium, the trustee shall disburse the proceeds to the owners and their respective mortgagees as their interests appear;
- (d) the duty to pay liabilities, costs and expenses for which owners are required to make contributions as Common Expenses under the Act or this Declaration; and
- (e) the duty to hold a meeting of owners as soon as practicable following registration of the Declaration to elect directors of the Corporation and to do such other acts or things as may be necessary or desirable in connection with the organization of the Corporation. The meeting may be without notice to owners if all owners waive notice thereof.
- (f) the duty, so long as the Declarant, its successors and assigns, provide the services referred to in this subparagraph, to enter into and maintain in effect an agreement or agreements with the Declarant, its successors or assigns, providing for sanitary sewer service to the property, maintenance of beaches on Block A, Plan M-III, maintenance of lagoons, water ways and canals in the development known as Lagoon City and for payment of charges in connection therewith.

12. Repair After Damage and Maintenance

12.1 Each owner shall, subject to section 42 of the Act, repair his unit after damage.

12.2 The owner of Unit 1 Level 1 shall maintain and repair after damage the limited common element numbered F-1 on Sheet 3 of Part 1 of the Description registered concurrently herewith.

13. Address

Until duly changed, the Corporation's address for service and the mailing address shall be 250 Consumers Road, Willowdale, Ontario, M2J 4V6.

14. Interpretation

The use of the masculine gender in the Declaration shall be deemed to refer to the feminine or neuter and the use of the singular shall be deemed to refer to the plural and vice versa whenever the context so requires. The headings in the body of the Declaration are inserted for ease of reference only and do not form part of the Declaration.

IN WITNESS WHEREOF the Declarant has hereunto affixed its corporate seal under the hands of its proper officers duly authorized in that behalf.

INDUCON DEVELOPMENT CORPORATION

Per

President

Per

Director

SCHEDULE A

Legal description of
Harbour Inn Lands
in Lagoon City

Those lands located in the Township of Mara, in the County of Simcoe and Province of Ontario, and being composed of Lot 2 and Block E according to a plan registered in the Land Registry Office for the Land Titles Division of Simcoe (No. 51), as No. M-III.

SUBJECT TO a drainage easement in favour of The Corporation of the Township of Mara over the Southerly 10 feet of said Lot 2, as set out in Transfer of Easements No. 20182.

SUBJECT ALSO TO an easement for sewers, water mains and drains in favour of The Corporation of the Township of Mara in, under and upon that part of said Lot 2 designated as Part I on Plan WR-316, as set out in Transfer of Easements No. 25729.

SUBJECT ALSO TO an easement for water mains in favour of Her Majesty the Queen in Right of Ontario as Represented by the Minister of the Environment on, in, across, under and through that part of said Lot 2 designated as Part I on Plan WR-316, as set out in Transfer of Easements No. 18645.

SUBJECT TO an easement for sewers and drains in favour of The Corporation of the Township of Mara in, under and upon the whole of said Block E, as set out in Transfer of Easement No. 13876.

SUBJECT ALSO TO an easement and right-of-way in favour of Her Majesty the Queen in Right of Canada as Represented by the Minister of Public Works upon, over, under, along and across that part of said Block E included in Part I on Plan 40R-1254, as set out in Transfer of Easement No. 4603.

SUBJECT ALSO TO a right-of-way in favour of Her Majesty the Queen in Right of Ontario as Represented by the Minister of the Environment over all of said Block E, as set out in Transfer of Right-of-Way No. 21131.

SUBJECT ALSO TO an easement for sanitary sewers in favour of Her Majesty the Queen in Right of Ontario as Represented by the Minister of the Environment on, in, across, under and through that part of said Block E designated as Parts 3 and 7 on Plan SIR-7215, as set out in Transfer of Easements No. 18645.

SUBJECT ALSO TO an easement for water mains in favour of Her Majesty the Queen in Right of Ontario as Represented by the Minister of the Environment on, in, across, under and through those parts of said Block E designated as Parts 4 and 5 on Plan SIR-7215, as set out in Transfer of Easements No. 23279.

SUBJECT ALSO TO an easement for sanitary sewer and water mains in favour of Her Majesty the Queen in Right of Ontario as Represented by the Minister of the Environment on, in, across, under and through that part of said Block E designated as Part 3 on Plan SIR-7215, as set out in Transfer of Easements No. 23279.

TOGETHER ALSO WITH a drainage swale easement over that part of Lot 1, Plan M-III, designated as Part I on Plan SIR-8502, as set out in Transfer of Easement No. 25025.

SCHEDULE "B"

FORM 7, THE CONDOMINIUM ACT, 1978

CONSENT

THE MUNICIPAL SAVINGS & LOAN CORPORATION, having a registered mortgage within the meaning of clause (b) of subsection 1 of Section 3 of The Condominium Act, 1978 registered as Instrument No. 25301 in the Land Registry Office for the Land Titles Division of Simcoe (No. 51) at Barrie, hereby consents to the registration of this Declaration pursuant to The Condominium Act, 1978 against the land or interests appurtenant to the land described in the description.

DATED at Barrie this 14 day of January, 1980.

THE MUNICIPAL SAVINGS & LOAN CORPORATION

Per [Signature]

Per [Signature] C.S.

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SCHEDULE "C" TO DECLARATION

The monuments controlling the extent and location of the units are the physical surfaces as defined herein.

Units 1 to 4 inclusive, and Units 25 to 29 inclusive Level 1:

1. The upper surface of the unfinished concrete floor slab.
2. The upper surface of the drywall ceiling or the upper surface of the suspended ceiling tile.
3. The backside face of the drywall on all exterior walls.
4. The unfinished interior surfaces of all exterior doors, door frames, and window frames and the interior surface of all glass panels therein.
5. In units 1 and 2 and unit 27 the Vertical plane. Said plane is illustrated on sheet 1 part 1 of the Description filed concurrently herewith.
6. In the recessed entry portion of units 1 and 29 the unit shall extend to the plane joining the backside face of the drywall at the aforesaid recessed portion.

Units 5 to 14 inclusive and Units 16 to 24 inclusive Level 1 and Units 1 to 24 inclusive Level 2:

1. The upper surface of the unfinished concrete floor slab.
2. The upper face of the ceiling drywall.
3. The backside face of the drywall on all exterior walls.
4. The unfinished interior surfaces of all exterior doors, door frames, and window frames and the interior surface of all glass panels therein.
5. All fireplaces (pre-fabricated), flues, vents, and equipment appurtenant thereto shall be part of each unit whether totally within the unit or within part of the common elements.

Unit 15 Level 1:

1. The upper surface of the unfinished concrete floor slab and the unit side unfinished face of concrete walls and bottom of the swimming pool and whirlpool structures.
2. The lower unfinished surface of the laminated wooden ceiling or the upper face of the drywall where applicable.
3. The backside face of the drywall on all exterior walls.
4. The unfinished interior surfaces of all exterior doors, door frames, and window frames and the interior surface of all glass panels therein.
5. All equipment pertaining to the operation and use of this recreation facility whether within the unit or within the common elements shall be deemed part of the unit.

Notwithstanding the above, the unit shall not include such columns and loadbearing walls, pipes, wires, cables, flues, and similar apparatus that supplies any service to more than one (1) unit, but shall include such pipes, wires, cables, flues and similar apparatus that supply any service to a particular unit only.

All of which is illustrated in the Description filed concurrently herewith.

September 13, 1979.

"H. Film O.L.S."
H. Film
Ontario Land Surveyor

SCHEDULE "D" TO DECLARATION

Unit No.	Level No.	Proportion of Common Interest (expressed in percentages)	Proportion of Common Expenses (expressed in percentages)
1	1	5.536	13.133
2	1	3.940	4.110
3	1	1.420	1.866
4	1	0.426	1.549
5	1	1.930	1.513
6	1	1.370	1.354
7	1	1.370	1.354
8	1	1.370	1.354
9	1	1.370	1.354
10	1	1.370	1.354
11	1	1.370	1.354
12	1	1.370	1.354
13	1	1.370	1.354
14	1	1.930	1.513
15	1	15.048	9.220
16	1	1.370	1.354
17	1	1.370	1.354
18	1	1.370	1.354
19	1	1.370	1.354
20	1	1.370	1.354
21	1	1.370	1.354
22	1	1.370	1.354
23	1	1.370	1.354
24	1	1.370	1.354
25	1	0.639	2.002
26	1	1.633	2.146
27	1	3.336	2.757
28	1	0.460	1.552
29	1	3.052	1.853

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Unit No.	Level No.	Proportion of Common Interest (expressed in percentages)	Proportion of Common Expenses (expressed in percentages)
1	2	1.930	1.513
2	2	1.930	1.513
3	2	1.930	1.513
4	2	1.930	1.513
5	2	1.930	1.513
6	2	1.370	1.354
7	2	1.370	1.354
8	2	1.370	1.354
9	2	1.370	1.354
10	2	1.370	1.354
11	2	1.370	1.354
12	2	1.370	1.354
13	2	1.930	1.513
14	2	1.370	1.354
15	2	1.370	1.354
16	2	1.370	1.354
17	2	1.370	1.354
18	2	1.370	1.354
19	2	1.370	1.354
20	2	1.370	1.354
21	2	1.370	1.354
22	2	1.370	1.354
23	2	1.930	1.513
24	2	1.930	1.513

SCHEDULE "E" TO DECLARATION

Common Expenses include the following, without limiting the general meaning of such term in the Act and this Declaration:

- (a) all premiums and other charges, if any, with respect to insurance obtained or maintained by the Corporation, on its own behalf and/or on behalf of the Owners;
- (b) fees and charges of any insurance trustee;
- (c) accounting, audit, legal and other professional costs and expenses incurred by the Corporation;
- (d) fees payable to the Bureau established under The Condominium Act, 1978;
- (e) fees and out of pocket expenses payable to the Manager appointed by the Corporation;
- (f) costs of waste disposal, water and electricity incurred with respect to or levied upon the Units and/or Common Elements, except to the extent, if any, that such costs are charged directly to the Owners by the corporation or utility supplying same;
- (g) beach and canal maintenance charges levied on or payable with respect to the Units and Common Elements;
- (h) costs of repair and maintenance which it is the duty of the Corporation to undertake, including:
 - (i) maintenance of landscaping, walks and paving, snow removal and litter collection; and
 - (ii) maintenance of interior and exterior portions of buildings comprising Common Elements including Limited Common Elements except where the annexed Declaration provides for the owner of a unit to repair and maintain the same;
- (i) contributions to the reserve fund to be established pursuant to S.36 of the Act;
- (j) all sums of money required by the Corporation for the acquisition or retention of real property or interests therein for the use and enjoyment of the property or for the acquisition, repair, maintenance or replacement of the personal property for use and enjoyment in or about the Common Elements;
- (k) all sums of money paid or payable by the Corporation to any and all persons, any firm or corporation employed by the Corporation, its duly authorized agents, servants and employees for the purpose of performing any or all the duties of the Corporation;
- (l) all sums of money required to be paid on account of realty taxes (including local improvement charges) levied against the property until such time as such taxes are levied against each Unit;
- (m) the cost of obtaining and maintaining fidelity bonds; and
- (n) the cost of borrowing money for the purpose of carrying out the objects and duties of the Corporation.

SCHEDULE "F" TO DECLARATION

LIMITED COMMON ELEMENTS

Unit or Units having Exclusive Use of Part of Common Elements	Part of Common Elements for Exclusive Use of Owners of One or More Units, as Designated on Sheets 3 & 4 of Part 1 of the Description
Unit 1, Level 1	F1, Sheet 3
Unit 5, Level 1	F5, Sheet 3
Unit 6, Level 1	F6, Sheet 3
Unit 7, Level 1	F7, Sheet 3
Unit 8, Level 1	F8, Sheet 3
Unit 9, Level 1	F9, Sheet 3
Unit 10, Level 1	F10, Sheet 3
Unit 11, Level 1	F11, Sheet 3
Unit 12, Level 1	F12, Sheet 3
Unit 13, Level 1	F13, Sheet 3
Unit 14, Level 1	F14, Sheet 3
Unit 15, Level 1	F15 & R15, Sheet 3; S15, Sheet 4
Unit 16, Level 1	F16, Sheet 3
Unit 17, Level 1	F17, Sheet 3
Unit 18, Level 1	F18, Sheet 3
Unit 19, Level 1	F19, Sheet 3
Unit 20, Level 1	F20, Sheet 3
Unit 21, Level 1	F21, Sheet 3
Unit 22, Level 1	F22, Sheet 3
Unit 23, Level 1	F23, Sheet 3
Unit 24, Level 1	F24, Sheet 3
Units 5 to 24, Level 1, both inclusive and Units 1 to 24, Level 2 both inclusive	C-1 and E-1, Sheet 3; C-1, Sheet 4,
Units 5 to 14, Level 1, both inclusive, Units 16 to 24, Level 1, both inclusive, Units 1 to 24, Level 2, both inclusive	E-2 and E-3, Sheet 3

SCHEDULE G TO DECLARATION

- and -

SCHEDULE C TO TIME SHARING AGREEMENT

ASSUMPTION AGREEMENT

This Agreement made this _____ day of _____, 1980.

BETWEEN :

(hereinafter called the "Assignee")

- and -

LAGOON CITY MANAGEMENT SERVICES LTD., a corporation incorporated under the laws of the Province of Ontario,

(hereinafter called the "Manager")

RECITALS

WHEREAS:

1. _____ (the "Present Time Share Owner") has heretofore been the Owner of an Undivided Interest in Unit _____, Level _____, Simcoe Condominium Plan No. _____, equal to a _____ % Interest therein, as a tenant in common;

2. By reason of an Agreement (the "Time Sharing Agreement") dated the _____ day of _____, 19____, Notice of which is registered in the Land Titles Division of Simcoe as No. _____, [and of an Adherence Agreement dated the _____ day of _____, 19____, Notice of which is registered in said Land Titles Division as No. _____] [and of previous Assumption Agreement(s) dated _____, Notice(s) of which are registered in said Land Titles Division as No. (s) _____], the present Time Share Owner is entitled to the exclusive possession and use of the Unit throughout the term and during Week(s) No. (s) _____, as defined and described in the Time Sharing Agreement and is not entitled to possess, use or occupy the Unit at other times during the Term.

3. The existing Time Share Owner is desirous of [selling] [disposing of] his Undivided Interest to the Assignee subject to the provisions of the Time Sharing Agreement, and has requested the requisite consent of the Manager, who has agreed to grant same provided the Assignee enters into this Assumption Agreement.

4. Pursuant to Section 15.01 of the Time Sharing Agreement, the Manager is a party hereto both in its personal capacity as Manager and as agent of the Time Share Owners, Indecon Development Corporation and the Condominium Corporation.

WITNESSETH that in consideration of the consent and agreements herein contained, the parties agree as follows:

ARTICLE IDEFINITIONS

1.01 In this Assumption Agreement, unless otherwise defined, capitalized terms have the meanings described thereto in the Time Sharing Agreement.

ARTICLE IIASSIGNEE'S AGREEMENT

2.01 The Assignee represents and warrants that by separate instrument(s) in writing [describe] the Undivided Interest and the right, title and interest under the Time Sharing Agreement of the Time Share Owner are being conveyed and assigned to the Assignee as of the date hereof subject to the consent of the Manager.

2.02 The Assignee covenants and agrees as of, from and after the date hereof to assume and be bound by all the covenants and agreements of the existing Time Share Owner and to observe and perform his obligations and duties contained in the Time Sharing Agreement.

2.03 Without limiting the foregoing:

(a) The Assignee appoints the Manager as his attorney or agent for purposes of executing Land Titles consents and applications as provided in Section 3.04 of the Time Sharing Agreement;

(b) The Assignee agrees to indemnify the other Time Share Owners, Inducon, the Manager and the Condominium Corporation and each of them as provided in Section 4.02 of the Time Sharing Agreement;

(c) The Assignee agrees to pay when due his Proportionate Share of Shared Expenses, his Personal Expenses and interest thereon, if any, and further agrees that the Undivided Interest being acquired by the Assignee is subject to the lien and charge upon the Undivided Interest of the Assignee for such amounts if unpaid as provided in Section 6.06 of the Time Sharing Agreement and with the remedies, including a power of sale, as set out in Sections 6.06 and 6.07 of the Time Sharing Agreement to the same extent as if such provisions were set out verbatim herein.

(d) The Assignee consents and agrees to the Manager and the Club Administrator duly performing the services and obligations assigned to them respectively by the Time Sharing Agreement and agrees not to interfere with such performance; the Assignee further consents and agrees to the Condominium Corporation (or, failing it, Inducon) appointing a successor Manager and/or Club Administrator where required under Articles X and XI of the Time Sharing Agreement;

(e) The Assignee, in consideration of other Time Share Owners consenting to Article XIII of the Time Sharing Agreement and of the Manager's consent hereunder, hereby irrevocably appoints the Manager as his proxy to vote in respect of his Undivided Interest in the Unit on any and all occasions at any and all meetings of the Owners of the Condominium or of members of the Condominium Corporation. Provided that such proxy shall be cast or not cast in accordance with the provisions of Article XIII of the Time Sharing Agreement.

(f) The Assignee expressly confirms and adopts the representations and warranties made to other Time Share Owners contained in Sections 14.01 and 14.02 of the Time Sharing Agreement to the same extent as if they were set out verbatim herein.

(g) The Assignee expressly confirms and agrees that he will not sell or in any other manner dispose of or permit the disposition of his Undivided Interest or part thereof or mortgage or charge the same, nor will he agree or attempt to do so except in compliance with Article XV of the Time Sharing Agreement.

3.

ARTICLE III

MANAGER'S CONSENT

3.01 Pursuant to Section 9 of the Declaration, Article XV of the Time Sharing Agreement and the restriction registered against the title to the Unit under Section 128 of The Land Titles Act, the Manager, in consideration of the Assignee's representations and agreements in Article 11 hereof, hereby consents to the [sale] [disposition] to the Assignee of the Undivided Interest as herein set out and agrees to provide such further assurances of such consent as may be necessary.

ARTICLE IV

INTERPRETATION

4.01 The provisions of Article XVII of the Time Sharing Agreement are hereby incorporated herein by reference and shall be applied in interpretation of this Assumption Agreement, mutatis mutandis.

IN WITNESS WHEREOF the parties hereto have executed this Assumption Agreement.

SIGNED, SEALED AND DELIVERED
In the presence of

(Assignee's Signature)

LAGOON CITY MANAGEMENT SERVICES LTD.

Per: C.S.

SIMCOE CONDOMINIUM CORPORATION NO. 32

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008

	Contents
Auditor's Report	1
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Balance Sheet	2
Statement of Revenue and Expenditure	3
Statement of Cash Flow	4
Notes to Financial Statements	5 - 8
Schedule 1 - Statement of Administration Expenditures	9
Schedule 2 - Statement of Operating Expenditures	10

This is Exhibit.....13.....referred to in the
affidavit ofMona Lawrence.....
sworn before me, this19.....
day ofDecember.....2011.....
.....
A COMMISSIONER FOR TAKING AFFIDAVITS

AUDITOR'S REPORT

To the Directors of the
Simcoe Condominium Corporation No. 32

I have audited the consolidated balance sheet of Simcoe Condominium Corporation No. 32 as at December 31, 2008 and the consolidated statements of fund revenue and expenditures and cash flow for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2008 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Orillia, Ontario
February 17, 2009

J.R. Booth, Chartered Accountant
Licensed Public Accountant

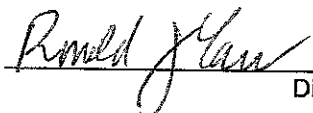
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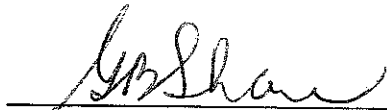
SIMCOE CONDOMINIUM CORPORATION NO. 32

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2008

	General Fund	Major Reserve	Furnishing & Recreation Reserves (Note 3)	Total 2008	Total 2007
ASSETS					
CURRENT					
Cash	\$ 183,518	\$ -	\$ -	\$ 183,518	\$ 243,657
Short term deposit receipts	80,000	-	-	80,000	-
Accounts receivable	2,416	-	-	2,416	3,890
Interfund receivables	-	-	-	-	3,357
Prepaid expenses and deposits	14,582	-	-	14,582	18,144
	<u>280,516</u>	<u>-</u>	<u>-</u>	<u>280,516</u>	<u>269,048</u>
OTHER					
Incorporation costs	1,013	-	-	1,013	1,013
RESTRICTED					
Cash	-	42,474	59,378	101,852	30,621
Short term deposit receipts	-	200,000	-	200,000	344,450
Accounts receivable	-	4,989	-	4,989	14,642
	<u>-</u>	<u>247,463</u>	<u>59,378</u>	<u>306,841</u>	<u>389,713</u>
	<u>\$ 281,529</u>	<u>\$ 247,463</u>	<u>\$ 59,378</u>	<u>\$ 588,370</u>	<u>\$ 659,774</u>
LIABILITIES AND FUND BALANCES					
CURRENT					
Accounts payable and accrued liabilities	\$ 37,856	\$ -	\$ 22,500	\$ 60,356	\$ 71,302
Interfund payable	-	-	-	-	3,357
Deferred revenue - maintenance fees	249,080	-	-	249,080	218,385
Deferred revenue - other	20,031	-	-	20,031	19,976
	<u>306,967</u>	<u>-</u>	<u>22,500</u>	<u>329,467</u>	<u>313,020</u>
FUND BALANCES					
Restricted	-	247,463	36,878	284,341	374,386
Unrestricted	(25,438)	-	-	(25,438)	(27,632)
	<u>\$ (25,438)</u>	<u>247,463</u>	<u>36,878</u>	<u>258,903</u>	<u>346,754</u>
	<u>\$ 281,529</u>	<u>\$ 247,463</u>	<u>\$ 59,378</u>	<u>\$ 588,370</u>	<u>\$ 659,774</u>

Approved on behalf of the Board:


Director


Director

STATUTES OF INCORPORATION AND NATURE OF OPERATIONS, note 1
SIGNIFICANT ACCOUNTING POLICIES, note 2
FINANCIAL INSTRUMENTS, note 6
COMMITMENTS, note 7
BUDGET INFORMATION, note 8

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SIMCOE CONDOMINIUM CORPORATION NO. 32

**CONSOLIDATED STATEMENT OF FUND REVENUE AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General Budget</u> (Unaudited)	<u>General Actual</u>	<u>Major Reserve</u>	<u>Furnishing & Recreation Reserves</u>	<u>Total 2008</u>	<u>Total 2007</u>
REVENUE						
Club fees	\$ 59,500	\$ 57,388	\$ -	\$ -	\$ 57,388	\$54,988
Exchange week sales	14,000	2,767	-	-	2,767	7,080
Fees for service	-	17,700	-	-	17,700	-
Front desk services	9,900	9,900	-	-	9,900	9,400
Interest	12,700	12,408	8,730	1,723	22,861	28,567
Maintenance fees	817,505	833,133	-	-	833,133	784,392
Rent - restaurant	35,200	34,872	-	-	34,872	34,313
- rooms	40,000	35,003	-	-	35,003	38,592
Sale of time share weeks	11,000	25,354	-	-	25,354	5,583
Telephone	2,784	2,336	-	-	2,336	2,539
Other revenue	9,950	9,216	-	587	9,803	14,143
	<u>1,012,539</u>	<u>1,040,077</u>	<u>8,730</u>	<u>2,310</u>	<u>1,051,117</u>	<u>979,597</u>
EXPENDITURES						
Advertising	3,800	3,701	-	-	3,701	3,902
Bad debts, note 4	-	18,501	-	-	18,501	15,130
Bank charges	8,900	13,813	37	68	13,918	9,311
Club	19,800	21,220	-	-	21,220	18,861
Insurance	24,546	24,296	-	-	24,296	23,835
Meetings	4,950	5,684	-	-	5,684	5,353
Office supplies	17,000	20,650	-	-	20,650	20,236
Professional fees	7,300	7,000	2,236	-	9,236	10,316
Purchases	6,000	4,164	-	-	4,164	3,218
Repairs and maintenance, schedule 1	71,145	84,150	158,853	92,441	335,444	388,889
Property taxes	56,100	54,694	-	-	54,694	53,440
Services and utilities, schedule 2	210,120	205,048	-	-	205,048	202,401
Telephone	9,100	10,211	-	-	10,211	9,102
Time share unit transfers, note 5	10,000	25,370	-	-	25,370	17,258
Wages and benefits	380,570	386,831	-	-	386,831	359,020
	<u>829,331</u>	<u>885,333</u>	<u>161,126</u>	<u>92,509</u>	<u>1,138,968</u>	<u>1,140,272</u>
Excess of Revenue (Expenditure) Before Reserve Fund Allocations	183,208	154,744	(152,396)	(90,199)	(87,851)	(160,675)
Reserve fund allocations	(152,550)	(152,550)	87,550	65,000	-	-
NET REVENUE (EXPENDITURE) FOR THE YEAR	\$ 30,658	2,194	(64,846)	(25,199)	(87,851)	(160,675)
Fund balance, beginning of year		(27,632)	312,309	62,077	346,754	507,429
FUND BALANCE, END OF YEAR		\$ (25,438)	\$ 247,463	\$ 36,878	\$ 258,903	\$ 346,754

SIMCOE CONDOMINIUM CORPORATION NO. 32

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**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General Fund</u>	<u>Major Reserve</u>	<u>Furnishing & Recreation Reserves</u>	<u>2008</u>	<u>2007</u>
OPERATING ACTIVITIES					
Net revenue (expenditure) for the year	\$ 2,194	\$ (64,846)	\$ (25,199)	\$ (87,851)	\$ (160,675)
Net changes in non-cash working capital items					
Accounts receivable	1,474	7,102	2,551	11,127	(423)
Prepaid expenses	3,562	-	-	3,562	26,450
Interfund balance	3,357	-	(3,357)	-	-
Accounts payable	(21,476)	-	10,530	(10,946)	17,630
Deferred revenue	30,750	-	-	30,750	(9,491)
INCREASE (DECREASE) IN CASH	19,861	(57,744)	(15,475)	(53,358)	(126,509)
Cash and equivalents, beginning of year	<u>243,657</u>	<u>300,218</u>	<u>74,853</u>	<u>618,728</u>	<u>745,237</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$263,518</u>	<u>\$242,474</u>	<u>\$ 59,378</u>	<u>\$ 565,370</u>	<u>\$ 618,728</u>
WHEREOF:					
Unrestricted					
Cash	\$183,518	\$ -	\$ -	\$ 183,518	\$ 243,657
Short term deposit receipts	80,000	-	-	80,000	-
Restricted					
Cash	-	42,474	59,378	101,852	30,621
Short term deposit receipts	-	200,000	-	200,000	344,450
	<u>\$263,518</u>	<u>\$242,474</u>	<u>\$ 59,378</u>	<u>\$ 565,370</u>	<u>\$ 618,728</u>

SIMCOE CONDOMINIUM CORPORATION NO. 32

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

1. STATUTES OF INCORPORATION AND NATURE OF OPERATIONS

The Corporation was incorporated without share capital under the Condominium Act of Ontario. The corporation is to provide management (as defined in the Corporation's Declaration and Bylaws) for the owners of the 43 residential time-share living units and 10 commercial units, located in Lagoon City, Ontario. As a condominium corporation the company is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Fund Accounting

The corporation follows the restricted fund method of accounting for contributions.

The operating fund reports the contributions from owners and expenses related to the operations and administration of the common elements and inter-fund transfers to the reserve fund.

The reserve funds report investment income and expenditures for the particular reserve fund. The basis for determining the reserve fund's requirement is explained in section (d) below. The corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in special accounts, for use only to finance such charges. Interest earned on these amounts is credited directly to the reserve fund.

(b) Consolidation Policy

The consolidated financial statements include the financial statements of the company and its wholly owned management company Harbour Lagoon Management Inc.

(c) Common Elements and Furnishings

The common elements and furnishings of the Corporation are owned proportionately by the unit owners and consequently are not reflected as assets in this financial statement.

(d) Reserve Funds

I. Furnishing Replacement Fund

As set out in the Time Sharing Agreement a furnishing replacement fund is maintained. The manager, as a shared expense to the operating fund, determines the annual contribution based on the depreciation on all furnishings of the suites. These collections are deposited in separate bank accounts and investments.

II. Recreation Reserve Fund

A motion of the Board of Directors established the recreation reserve fund on July 26, 1992. The manager, as a shared expense to the operating fund, determines the contribution to the reserve annually. These collections are deposited in separate bank accounts and investments.

SIMCOE CONDOMINIUM CORPORATION NO. 32

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES

(d) Reserve Funds, continued

III. Reserve for Major Repairs and Replacements

The corporation, as required by the Condominium Act, 1998, has established a reserve fund for financing future major repairs and replacements of the common elements. Only major repairs and replacements of the common elements and the cost of the reserve fund study is charged to the reserve fund. Minor repairs and replacements are charged to repairs and maintenance of the operating fund.

The directors have used the reserve fund study from the Engineering firm of R.J. Burnside & Associates Limited dated January 2008 and such other information as was available to them in evaluating the adequacy of annual contributions to the reserve fund for major repairs and maintenance. The corporation's plan for contribution to the reserve fund for 2008 was \$87,550 (2007 - \$85,000) and the plan for expenditures from the reserve fund for 2008 was \$158,684 (2007 - \$35,900). The study projected a reserve fund balance on December 31, 2008 of \$249,737 (2007 - \$313,108).

The reserve is evaluated on the basis of expected repair and replacement costs and life expectancy of the common elements and assets of the corporation. Such evaluation is based on numerous assumptions as to future events.

(e) Short-Term Investments

Short-term investments are carried at the lower of cost (including accrued interest) and market value on an individual basis.

(f) Revenue Recognition

Maintenance fee revenue is recognized at the beginning of the underlying time-share week. Revenue from merchandise sales is recognized at the time of shipment and service revenue is recognized when the service is rendered.

(g) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

SIMCOE CONDOMINIUM CORPORATION NO. 32

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

3. RECREATION AND FURNISHING REPLACEMENT RESERVE FUNDS

The individual reserve fund balances as at December 31, are as follows:

	<u>2008</u>	<u>2007</u>
Furnishing Replacement	\$ 49,628	\$ 68,981
Recreation	9,750	(6,904)
	<u>\$ 59,378</u>	<u>\$ 62,077</u>

4. BAD DEBTS

Bad debt expense is the result of the corporation taking action for the non-payment of the current year maintenance fees on time-share units, either by acquisition or by the manager registering power of sale documents.

5. TIME SHARE UNIT TRANSFERS

As set out in the Time Sharing Agreement, the corporation has taken legal action for the collection of maintenance fee arrears. At December 31, 2008 there were 6 (2007 - 100) time-share units for which the corporation had obtained title in the name of Simcoe Condominium Corporation No. 32, or registered power of sale documents and had not resold or leased the units. The corporation incurs legal fees on the sale of time-share units registered in the name of Simcoe Condominium Corporation No. 32. The costs of these actions are recorded as an expense when incurred.

6. FINANCIAL INSTRUMENTS

The corporation manages its Reserve funds investments based on its cash flow needs. The interest rates on the high interest savings accounts and short-term investments held during the year varied from 2.7% to 4.15% (2007, 3.7% to 4.15%). The average interest rate at the end of the year was 3.2% (2007, 4.0%) with investments maturing from between 78 and 443 days. Investments are held in accounts and securities guaranteed by the Canadian Deposit Insurance Corporation.

Except as noted above, it is the board's opinion that the corporation is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

7. COMMITMENTS

- a) The corporation has committed \$13,726 from the major repairs and replacements reserve fund for repairs to the building exterior.
- b) The corporation has committed \$24,714 from the furnishing replacement reserve fund for the replacement of certain furnishings and fixtures in the suites.

SIMCOE CONDOMINIUM CORPORATION NO. 32

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

8. BUDGET INFORMATION

The budget figures presented for comparison purposes are unaudited and are those approved by the directors on October 31, 2007. They have been reclassified to conform with the financial statement presentation.

SIMCOE CONDOMINIUM CORPORATION NO. 32

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**STATEMENT OF REPAIRS AND MAINTENANCE EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008****SCHEDULE 1**

GENERAL FUND	BUDGET	2008	2007
	2008 (Unaudited)		
Beach and canal	\$ 9,965	\$ 10,535	\$ 9,675
Cleaning, laundry and supplies	25,200	25,485	26,416
Exterior building	3,800	3,046	5,103
Grounds and yard	10,130	13,840	12,951
Heating and air conditioning units	750	381	955
Interior	12,800	20,172	12,865
Suite	8,000	10,081	10,502
Television	500	610	1,135
	<u>\$ 71,145</u>	<u>\$ 84,150</u>	<u>\$ 79,602</u>

MAJOR RESERVE

Fence, stair and sewer repairs	\$ -	\$ 2,703
Furniture and equipment replacement	8,341	3,507
Painting and landscaping	-	7,931
Roof replacement	22,375	57,155
Shorewall replacement	84,263	26,818
Window and door replacement	43,874	21,000
	<u>\$ 158,853</u>	<u>\$ 98,114</u>

RECREATION AND FURNISHING REPLACEMENT RESERVE**FURNISHING REPLACEMENT RESERVE**

Furniture and fixture replacements - suites	\$ 51,779	\$ 101,231
Furniture and fixture replacements - restaurant	10,951	17,778
Furniture and fixture replacements - common areas	26,284	-
Repairs and maintenance	-	27,602
	<u>89,014</u>	<u>146,611</u>

RECREATION RESERVE

Equipment replacement	689	2,116
Pool facility repairs and replacements	2,738	41,446
	<u>3,427</u>	<u>43,562</u>
	<u>\$ 92,441</u>	<u>\$ 190,173</u>

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SIMCOE CONDOMINIUM CORPORATION NO. 32

**STATEMENT OF SERVICES AND UTILITIES EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008**

SCHEDULE 2

GENERAL FUND	BUDGET		
	2008 (Unaudited)	2008	2007
Cable	\$ 14,100	\$ 13,951	\$ 13,641
Electricity	107,450	96,394	98,401
Propane	42,530	47,403	45,596
Sewer services	27,540	27,477	26,746
Water services	18,500	19,823	18,017
	<u>\$ 210,120</u>	<u>\$ 205,048</u>	<u>\$ 202,401</u>

HARBOUR LAGOON MANAGEMENT INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2009

This is Exhibit.....C.....referred to in the
affidavit ofM. Lawrence.....
sworn before me, this19.....
day ofDecember.....2009.

A COMMISSIONER FOR TAKING AFFIDAVITS

AUDITOR'S REPORT

To the Directors of the
Harbour Lagoon Management Inc.

I have audited the balance sheet of Harbour Lagoon Management Inc. as at December 31, 2009 and the statements of revenue and expenditure, and reserve operations for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2009 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

J.R. Booth CA Professional Corporation

J.R. Booth CA Professional Corporation, Authorized to practice public accounting by
The Institute of Chartered Accounts of Ontario.

Orillia, Ontario
February 17, 2010

HARBOUR LAGOON MANAGEMENT INC.

BALANCE SHEET AS AT DECEMBER 31, 2009

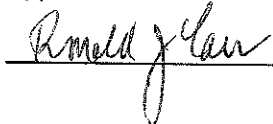
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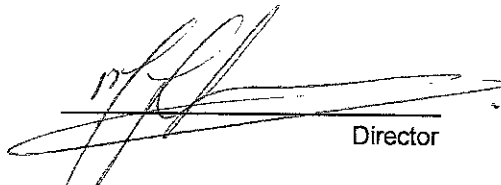
	<u>General Fund</u>	<u>Furnishing & Recreation Reserves</u> (Note 3)	<u>Total 2009</u>	<u>Total 2008</u>
ASSETS				
CURRENT				
Cash	\$ 95,977	\$ -	\$ 95,977	\$ 82,954
Prepaid expenses and deposits	<u>10,172</u>	<u>-</u>	<u>10,172</u>	<u>10,254</u>
	106,149	-	106,149	93,208
OTHER				
Incorporation costs	1,013	-	1,013	1,013
RESTRICTED				
Cash	<u>-</u>	<u>46,448</u>	<u>46,448</u>	<u>59,378</u>
	<u>\$107,162</u>	<u>\$46,448</u>	<u>\$153,610</u>	<u>\$153,599</u>

LIABILITIES AND FUND BALANCES

CURRENT				
Accounts payable and accrued liabilities	\$ 32,958	\$ -	\$ 32,958	\$ 57,980
Interfund payable	-	-	-	-
Due from Simcoe Condominium Corporation No. 3	48,798	-	48,798	38,705
Deferred revenue	<u>25,401</u>	<u>-</u>	<u>25,401</u>	<u>20,031</u>
	107,157	-	107,157	116,716
SHARE CAPITAL, note 4	5	-	5	5
FUND BALANCES	<u>-</u>	<u>46,448</u>	<u>46,448</u>	<u>36,878</u>
	<u>\$ 107,162</u>	<u>\$ 46,448</u>	<u>\$ 153,610</u>	<u>\$ 153,599</u>

Approved on behalf of the Board:


Director


Director

STATUTES OF INCORPORATION AND NATURE OF OPERATIONS, note 1
SIGNIFICANT ACCOUNTING POLICIES, note 2
FINANCIAL INSTRUMENTS, note 5
BUDGET INFORMATION, note 6

HARBOUR LAGOON MANAGEMENT INC.

(36)

STATEMENT OF FUND REVENUE AND EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General Budget</u> (Unaudited)	<u>General Actual</u>	<u>Furnishing & Recreation Reserves</u>	<u>Total 2009</u>	<u>Total 2008</u>
REVENUE					
Club fees	\$ 57,700	\$ 62,685	\$ -	\$ 62,685	\$ 57,388
Fees for services	-	-	-	-	17,700
Front desk services	10,495	10,495	-	10,495	9,900
Interest	-	-	797	797	1,723
Management fees	752,902	757,639	-	757,639	716,481
Rent - restaurant	36,100	35,976	-	35,976	34,872
- rooms	36,800	30,568	-	30,568	35,003
Sale of time share weeks	10,000	9,870	-	9,870	25,354
Telephone	2,684	2,695	-	2,695	2,336
Other revenue	9,250	7,810	1,310	9,120	9,303
	<u>915,931</u>	<u>917,738</u>	<u>2,107</u>	<u>919,845</u>	<u>910,060</u>
EXPENDITURES					
Advertising	3,800	3,617	-	3,617	3,701
Bank charges	3,000	8,263	63	8,326	6,468
Club	19,500	14,369	-	14,369	21,220
Insurance	13,760	11,170	-	11,170	13,108
Meetings	2,200	2,817	-	2,817	2,653
Office supplies	17,000	22,050	-	22,050	20,650
Professional fees	4,837	5,292	-	5,292	4,550
Purchases	4,000	3,301	-	3,301	4,164
Repairs and maintenance, schedule 1	76,660	72,324	62,474	134,798	176,591
Property taxes	57,500	55,381	-	55,381	54,694
Services and utilities, schedule 2	212,120	194,853	-	194,853	205,048
Telephone	9,000	10,201	-	10,201	10,211
Time share unit transfers, note 5	10,000	29,505	-	29,505	25,370
Wages and benefits	412,554	414,595	-	414,595	386,831
	<u>845,931</u>	<u>847,738</u>	<u>62,537</u>	<u>910,275</u>	<u>935,259</u>
Excess of Revenue (Expenditure) Before Reserve Fund Allocations	70,000	70,000	(60,430)	9,570	(25,199)
Reserve fund allocations	<u>(70,000)</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>	<u>-</u>
NET REVENUE (EXPENDITURE) FOR THE YEAR	<u>\$ -</u>	<u>-</u>	<u>9,570</u>	<u>9,570</u>	<u>(25,199)</u>
Fund balance, beginning of year		<u>-</u>	<u>36,878</u>	<u>36,878</u>	<u>62,077</u>
FUND BALANCE, END OF YEAR		<u>\$ -</u>	<u>46,448</u>	<u>46,448</u>	<u>36,878</u>

HARBOUR LAGOON MANAGEMENT INC.

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STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General Fund</u>	<u>Furnishing & Recreation Reserves</u>	<u>2009</u>	<u>2008</u>
OPERATING ACTIVITIES				
Net revenue (expenditure) for the year	\$ -	\$ 9,570	\$ 9,570	\$ (25,199)
Net changes in non-cash working capital items				
Accounts receivable	-	-	-	6,441
Due to/from Simcoe Condominium Corporation No. 32	10,093	-	10,093	54,422
Prepaid expenses and deposits	82	-	82	3,562
Accounts payable	(2,522)	(22,500)	(25,022)	(10,946)
Deferred revenue	5,370	-	5,370	55
INCREASE (DECREASE) IN CASH	13,023	(12,930)	93	28,335
Cash and equivalents, beginning of year	82,954	59,378	142,332	113,997
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 95,977</u>	<u>\$ 46,448</u>	<u>\$ 142,425</u>	<u>\$ 142,332</u>

HARBOUR LAGOON MANAGEMENT INC.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

1. NATURE OF OPERATIONS

The company is incorporated under the Ontario Corporations Act and provides management services for the owners of Simcoe Condominium Corporation No. 32 in accordance with the Time Sharing Agreement of November 9, 1979. Simcoe Condominium Corporation No. 32 solely owns the corporation. As the corporation is operated on a not for profit basis for the benefit of the owners of Simcoe Condominium Corporation No. 32 it is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The corporation follows the fund basis of accounting. The operating fund reports the management activities performed for Simcoe Condominium Corporation No. 32.

The reserve fund for furnishing replacements reports allocations of revenue to the reserve and expenditures for replacement of suite furnishings. The basis for determining the reserve fund's requirement is explained in part (c) below.

The reserve fund for recreation reports allocations of revenue to the reserve and expenditures for repair and replace of club facilities. The basis for determining the reserve fund's requirement is explained in part (c) below.

(b) Common Elements

The corporation holds title to the common elements in trust for the time-share owners of Simcoe Condominium Corporation No. 32 in the proportion of their undivided interest in the units and consequently are not reflected as assets in these financial statements.

(c) Reserve Funds

I. Furnishing Replacement Fund

As set out in the Time Sharing Agreement a furnishing replacement fund is maintained. The manager, as a shared expense to the operating fund, determines the annual contribution based on the depreciation on all furnishings of the suites. These collections are deposited in separate bank accounts and investments.

II. Recreation Reserve Fund

A motion of the Board of Directors established the recreation reserve fund on July 26, 1992. The manager, as a shared expense to the operating fund, determines the contribution to the reserve annually. These collections are deposited in separate bank accounts and investments.

HARBOUR LAGOON MANAGEMENT INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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2. SIGNIFICANT ACCOUNTING POLICIES – continued

(d) Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenue from services are recognized at the time the service is rendered. Rental revenue is recognized at the first of the month or week the rental occurs.

(e) Donated assets and services

Donated services are valued at their fair market value at the time of the contribution or at the cost that the Organization would have otherwise had to pay for the service if easily determined. Volunteers contribute their time to assist the Organization in carrying out its various activities. Volunteer contributions are not recognized in the financial statements because of the difficulty of determining their fair market value.

(f) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(g) Financial Instruments

The Organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired, the Organization's accounting policy for each category is as follows:

(i) Assets held-for-trading

Financial instruments classified as assets held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized as an excess of revenue (expenditure) in the period during which the change occurs, transaction costs are expensed when incurred.

(ii) Loans, receivables and other financial liabilities

Financial instruments classified as loans, receivables and other financial liabilities are carried at amortized cost using the effective interest method. Transaction costs are expensed when incurred.

In these financial statements, accounts receivable and grants receivable have been classified as loans and receivables. Accounts payable and accrued liabilities have been classified as other financial liabilities.

HARBOUR LAGOON MANAGEMENT INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2009

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3. RECREATION AND FURNISHING REPLACEMENT RESERVE FUNDS

The individual reserve fund balances as at December 31, are as follows:

	<u>2009</u>	<u>2008</u>
Furnishing Replacement	\$ 35,594	\$ 27,128
Recreation	10,854	9,750
	<u>\$ 46,448</u>	<u>\$ 36,878</u>

4. SHARE CAPITAL

Authorized: Unlimited number of common shares
Issued: 5 common shares

<u>\$</u>	<u>5</u>	<u>\$</u>	<u>5</u>
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5. FINANCIAL INSTRUMENTS

The corporation manages its Reserve funds investments based on its cash flow needs. The interest rates on the high interest savings accounts and short-term investments held during the year varied from 1.05% to 2.7% (2008, 2.7% to 4.15%). The average interest rate at the end of the year was 1.05% (2008, 2.7%) with the funds held in a high interest bank account. Investments are held in accounts and securities guaranteed by the Canadian Deposit Insurance Corporation.

Except as noted above, it is the board's opinion that the corporation is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

6. BUDGET INFORMATION

The budget figures presented for comparison purposes are unaudited and are those approved by the directors on October 22, 2008. They have been reclassified to conform with the financial statement presentation.

HARBOUR LAGOON MANAGEMENT INC.

STATEMENT OF REPAIRS AND MAINTENANCE EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2009

SCHEDULE 1

GENERAL FUND	BUDGET		
	2009 (Unaudited)	2009	2008
Beach and canal	\$ 11,060	\$ 10,535	\$ 10,535
Cleaning, laundry and supplies	25,000	20,366	25,485
Exterior building	2,800	1,625	3,046
Grounds and yard	13,800	11,529	13,840
Heating and air conditioning units	500	-	381
Interior	15,000	19,352	20,172
Suite	8,000	7,870	10,081
Television	500	1,047	610
	<u>\$ 76,660</u>	<u>\$ 72,324</u>	<u>\$ 84,150</u>

RECREATION AND FURNISHING REPLACEMENT RESERVE

FURNISHING REPLACEMENT RESERVE

Furniture and fixture replacements - suites	\$ 26,097	\$ 51,779
Furniture and fixture replacements - restaurant	4,195	10,951
Furniture and fixture replacements - common areas	13,305	26,284
	<u>43,597</u>	<u>89,014</u>

RECREATION RESERVE

Equipment replacement	1,808	689
Pool facility repairs and replacements	15,918	2,738
Tennis facility repairs	1,151	-
	<u>18,877</u>	<u>3,427</u>
	<u>\$ 62,474</u>	<u>\$ 92,441</u>

HARBOUR LAGOON MANAGEMENT INC.

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STATEMENT OF SERVICES AND UTILITIES EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2009

SCHEDULE 2

GENERAL FUND	BUDGET 2009 (Unaudited)	2009	2008
Cable	\$ 14,370	\$ 14,374	\$ 13,951
Electricity	98,000	94,854	96,394
Propane	49,950	35,805	47,403
Sewer services	28,800	28,251	27,477
Water services	21,000	21,569	19,823
	<u>\$ 212,120</u>	<u>\$ 194,853</u>	<u>\$ 205,048</u>

SIMCOE CONDOMINIUM CORPORATION NO. 32

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010

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Schedule 2 -- Statement of Operating Expenditures	11

This is Exhibit 12 referred to in the
affidavit of M. Lawrence
sworn before me, this 19
day of December 2011

A COMMISSIONER FOR TAKING AFFIDAVITS

J. R. Booth, C.A.

AUDITOR'S REPORT

To the Directors of the
Simcoe Condominium Corporation No. 32

I have audited the consolidated balance sheet of Simcoe Condominium Corporation No. 32 as at December 31, 2010 and the consolidated statements of fund revenue and expenditures and cash flow for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at December 31, 2010 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JR Booth CA Professional Corporation

J.R. Booth CA Professional Corporation, Authorized to practice public accounting by
The Institute of Chartered Accounts of Ontario.

Orillia, Ontario
April 19, 2011


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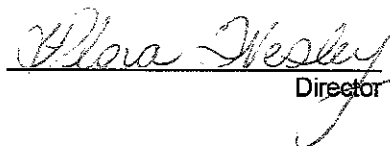
SIMCOE CONDOMINIUM CORPORATION NO. 32

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2010

	General Fund	Major Reserve	Furnishing & Recreation Reserves (Note 4)	Total 2010	Total 2009
ASSETS					
CURRENT					
Cash	\$ 240,296	\$ -	\$ -	\$ 240,296	\$ 194,706
Short term deposit receipts	-	-	-	-	30,000
Accounts receivable	-	-	-	-	325
Prepaid expenses and deposits	16,066	-	-	16,066	14,494
	<u>256,362</u>	<u>-</u>	<u>-</u>	<u>256,362</u>	<u>239,525</u>
OTHER					
Incorporation costs	1,013	-	-	1,013	1,013
RESTRICTED					
Cash	-	125,177	64,157	189,334	109,732
Short term deposit receipts	-	116,950	-	116,950	207,737
Accounts receivable	-	1,860	-	1,860	4,987
	<u>-</u>	<u>243,987</u>	<u>64,157</u>	<u>308,144</u>	<u>322,456</u>
	<u>\$ 257,375</u>	<u>\$ 243,987</u>	<u>\$ 64,157</u>	<u>\$ 565,519</u>	<u>\$ 562,994</u>
LIABILITIES AND FUND BALANCES					
CURRENT					
Accounts payable and accrued liabilities	\$ 64,781	\$ -	\$ -	\$ 64,781	\$ 35,359
Deferred revenue - maintenance fees	261,072	-	-	261,072	222,263
Deferred revenue - other	18,721	-	-	18,721	25,401
	<u>344,574</u>	<u>-</u>	<u>-</u>	<u>344,574</u>	<u>283,023</u>
FUND BALANCES					
Restricted	-	243,987	64,157	308,144	322,456
Unrestricted	(87,199)	-	-	(87,199)	(42,485)
	<u>\$ (87,199)</u>	<u>243,987</u>	<u>64,157</u>	<u>220,945</u>	<u>279,971</u>
	<u>\$ 257,375</u>	<u>\$ 243,987</u>	<u>\$ 64,157</u>	<u>\$ 565,519</u>	<u>\$ 562,994</u>

Approved on behalf of the Board:


Director


Director

STATUTES OF INCORPORATION AND NATURE OF OPERATIONS, note 1
GOING CONCERN, note 2
SIGNIFICANT ACCOUNTING POLICIES, note 3
FINANCIAL INSTRUMENTS, note 7
BUDGET INFORMATION, note 8

(cfe)

SIMCOE CONDOMINIUM CORPORATION NO. 32

CONSOLIDATED STATEMENT OF FUND REVENUE AND EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2010

	General Budget (Unaudited)	General Actual	Major Reserve	Furnishing & Recreation Reserves	Total 2010	Total 2009
REVENUE						
Club fees	\$ 63,100	\$ 64,188	\$ -	\$ -	\$ 64,188	\$62,685
Exchange week sales	6,500	5,764	-	-	5,764	7,444
Front desk services	10,810	10,810	-	-	10,810	10,495
Interest	6,500	4,845	4,109	666	9,620	13,752
Maintenance fees	881,299	881,350	-	-	881,350	869,323
Rent - restaurant	37,756	37,923	-	-	37,923	35,976
- rooms	45,900	38,760	-	-	38,760	30,568
Sale of time share weeks	10,000	38,145	-	-	38,145	9,870
Telephone	2,000	1,895	-	-	1,895	2,695
Other revenue	9,600	10,397	-	155	10,552	9,620
	<u>1,073,465</u>	<u>1,094,077</u>	<u>4,109</u>	<u>821</u>	<u>1,099,007</u>	<u>1,052,428</u>
EXPENDITURES						
Advertising	10,000	10,044	-	-	10,044	3,617
Bad debts, note 5	1,929	39,379	-	-	39,379	28,515
Bank charges	10,000	15,085	40	70	15,195	16,248
Club	15,100	14,318	-	-	14,318	14,369
Insurance	23,418	23,440	-	-	23,440	22,350
Meetings	4,600	2,553	-	-	2,553	5,623
Office supplies	20,000	18,295	-	-	18,295	22,050
Professional fees	7,727	7,427	-	-	7,427	12,017
Purchases	3,700	4,060	-	-	4,060	3,301
Repairs and maintenance, schedule 1	68,650	73,897	128,972	43,042	245,911	198,735
Property taxes	57,600	55,739	-	-	55,739	55,381
Services and utilities, schedule 2	206,350	205,684	-	-	205,684	194,853
Telephone	9,800	10,238	-	-	10,238	10,201
Time share unit transfers, note 6	25,000	73,053	-	-	73,053	29,505
Wages and benefits	421,055	432,697	-	-	432,697	414,595
	<u>884,929</u>	<u>985,909</u>	<u>129,012</u>	<u>43,112</u>	<u>1,158,033</u>	<u>1,031,360</u>
Excess of Revenue (Expenditure) Before Reserve Fund Allocations	188,536	108,168	(124,903)	(42,291)	(59,026)	21,068
Reserve fund allocations	(152,882)	(152,882)	92,882	60,000	-	-
NET REVENUE (EXPENDITURE) FOR THE YEAR	<u>\$ 35,654</u>	(44,714)	(32,021)	17,709	(59,026)	21,068
Fund balance, beginning of year		(42,485)	276,008	46,448	279,971	258,903
FUND BALANCE, END OF YEAR		<u>\$ (87,199)</u>	<u>\$ 243,987</u>	<u>\$ 64,157</u>	<u>\$ 220,945</u>	<u>\$ 279,971</u>

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SIMCOE CONDOMINIUM CORPORATION NO. 32

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General Fund</u>	<u>Major Reserve</u>	<u>Furnishing & Recreation Reserves</u>	<u>2010</u>	<u>2009</u>
OPERATING ACTIVITIES					
Net revenue (expenditure) for the year	\$ (44,714)	\$ (32,021)	\$ 17,709	\$ (59,026)	\$ 21,068
Net changes in non-cash working capital items					
Accounts receivable	325	3,127	-	3,452	2,093
Prepaid expenses	(1,572)	-	-	(1,572)	88
Accounts payable	29,422	-	-	29,422	(24,997)
Deferred revenue	32,129	-	-	32,129	(21,447)
INCREASE (DECREASE) IN CASH	15,590	(28,894)	17,709	4,405	(23,195)
Cash and equivalents, beginning of year	224,706	271,021	46,448	542,175	565,370
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 240,296</u>	<u>\$ 242,127</u>	<u>\$ 64,157</u>	<u>\$ 546,580</u>	<u>\$ 542,175</u>
WHEREOF:					
Unrestricted					
Cash	\$ 240,296	\$ -	\$ -	\$ 240,296	\$ 194,706
Short term deposit receipts	-	-	-	-	30,000
Restricted					
Cash	-	125,177	64,157	189,334	109,732
Short term deposit receipts	-	116,950	-	116,950	207,737
	<u>\$ 240,296</u>	<u>\$ 242,127</u>	<u>\$ 64,157</u>	<u>\$ 546,580</u>	<u>\$ 542,175</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. STATUTES OF INCORPORATION AND NATURE OF OPERATIONS

The Corporation was incorporated without share capital under the Condominium Act of Ontario. The corporation is to provide management (as defined in the Corporation's Declaration and Bylaws) for the owners of the 43 residential time-share living units and 10 commercial units, located in Lagoon City, Ontario. As a condominium corporation the company is exempt from income tax.

2. GOING CONCERN

These financial statements have been prepared in accordance with accounting principles that apply to a going concern. Under the going concern assumption, a company is viewed as being able to continue its operations into the foreseeable future and realize its assets and discharge its liabilities in the normal course of operations.

As a result of the significant number of time-share weeks that have been returned to the corporation during 2010 and subsequent to the year end, there is doubt as to the appropriateness of this assumption. The accumulated deficit of \$87,199 at December 31, 2010, combined with the projected uncollectable maintenance fees in excess of \$200,000, will probably result in a significant increase to the 2012 maintenance fees. As the number of unit-weeks returned increases, the costs of operating the corporation are recovered from fewer weeks, thus increasing the cost per week.

The corporation collects the majority of the maintenance fees for the year during the first two months of the year. As at the date of these statements, management is of the opinion that the corporation had collected sufficient funds to operate for the 2011 year, assuming no contributions are made to reserve funds. The corporation's ability to continue as a going concern depends on its ability to collect sufficient maintenance fees from owners and lessees to cover the annual operating cost of the corporation.

These statements do not reflect adjustments that would be necessary if the going concern assumption was not considered appropriate. Management is of the opinion there are sufficient financial resources for the corporation to continue operations into 2012, allowing time for the corporation to take actions to mitigate the effect of the conditions and facts that raise doubt as to the appropriateness of the going concern assumption.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Fund Accounting

The corporation follows the restricted fund method of accounting for contributions.

The operating fund reports the contributions from owners and expenses related to the operations and administration of the common elements and inter-fund transfers to the reserve fund.

The reserve funds report investment income and expenditures for the particular reserve fund. The basis for determining the reserve fund's requirement is explained in section (d) below. The corporation segregates amounts accumulated for the purpose of financing future charges to the reserve fund in special accounts, for use only to finance such charges. Interest earned on these amounts is credited directly to the reserve fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

3. SIGNIFICANT ACCOUNTING POLICIES – continued

(b) Consolidation Policy

The consolidated financial statements include the financial statements of the company and its wholly owned management company Harbour Lagoon Management Inc.

(c) Common Elements and Furnishings

The common elements and furnishings of the Corporation are owned proportionately by the unit owners and consequently are not reflected as assets in this financial statement.

(d) Reserve Funds

I. Furnishing Replacement Fund

As set out in the Time Sharing Agreement a furnishing replacement fund is maintained. The manager, as a shared expense to the operating fund, determines the annual contribution based on the depreciation on all furnishings of the suites. These collections are deposited in separate bank accounts and investments.

II. Recreation Reserve Fund

A motion of the Board of Directors established the recreation reserve fund on July 26, 1992. The manager, as a shared expense to the operating fund, determines the contribution to the reserve annually. These collections are deposited in separate bank accounts and investments.

III. Reserve for Major Repairs and Replacements

The corporation, as required by the Condominium Act, 1998, has established a reserve fund for financing future major repairs and replacements of the common elements. Only major repairs and replacements of the common elements and the cost of the reserve fund study is charged to the reserve fund. Minor repairs and replacements are charged to repairs and maintenance of the operating fund.

The directors have used the reserve fund study from the Engineering firm of R.J. Burnside & Associates Limited dated January 2008 and such other information as was available to them in evaluating the adequacy of annual contributions to the reserve fund for major repairs and maintenance. The corporation's plan for contribution to the reserve fund for 2010 was \$92,882 (2009 - \$90,177) and the plan for expenditures from the reserve fund for 2010 was \$75,400 (2009 - \$92,882). The study projected a reserve fund balance on December 31, 2010 of \$308,631 (2009 - \$286,674).

The reserve is evaluated on the basis of expected repair and replacement costs and life expectancy of the common elements and assets of the corporation. Such evaluation is based on numerous assumptions as to future events.

The corporation has not performed a comprehensive reserve fund study within the 6 year timeframe since the completion of the previous comprehensive study, as required by the Condominium Act.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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3. SIGNIFICANT ACCOUNTING POLICIES – continued

(e) Short-Term Investments

Short-term investments are carried at the lower of cost (including accrued interest) and market value on an individual basis.

(f) Revenue Recognition

Maintenance fee revenue is recognized at the beginning of the underlying time-share week. Revenue from merchandise sales is recognized at the time of shipment and service revenue is recognized when the service is rendered.

(g) Donated assets and services

Donated assets and services are valued at their fair market value at the time of the contribution or at the cost that the Organization would have otherwise had to pay for the service if easily determined. Volunteers contribute their time to assist the Organization in carrying out its various activities. Volunteer contributions are not recognized in the financial statements because of the difficulty of determining their fair market value.

(h) Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(i) Financial Instruments

The Organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired, the Organization's accounting policy for each category is as follows:

(i) Assets held-for-trading

Financial instruments classified as assets held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized as an excess of revenue (expenditure) in the period during which the change occurs, transaction costs are expensed when incurred.

(ii) Assets held-to-maturity

Financial instruments classified as assets held-for-trading are carried at amortized cost using the effective interest method. Transaction costs are expensed when incurred.

In these financial statements, short-term investments and investments have been classified as assets held-to-maturity.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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3. SIGNIFICANT ACCOUNTING POLICIES – continued

(i) Financial Instruments

(iii) Loans, receivables and other financial liabilities

Financial instruments classified as loans, receivables and other financial liabilities are carried at amortized cost using the effective interest method. Transaction costs are expensed when incurred.

In these financial statements, accounts receivable have been classified as loans and receivables. Accounts payable and accrued liabilities have been classified as other financial liabilities.

(52)

SIMCOE CONDOMINIUM CORPORATION NO. 32

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2010

4. RECREATION AND FURNISHING REPLACEMENT RESERVE FUNDS

The individual reserve fund balances as at December 31, are as follows:

	2010	2009
Furnishing Replacement	\$ 44,984	\$ 35,594
Recreation	19,173	10,854
	<u>\$ 64,157</u>	<u>\$ 46,448</u>

5. BAD DEBTS

Bad debt expense is the result of the corporation taking action for the non-payment of the current year maintenance fees on time-share units, either by acquisition or by the manager registering power of sale documents.

6. TIME SHARE UNIT TRANSFERS

As set out in the Time Sharing Agreement, the corporation has taken legal action for the collection of maintenance fee arrears. At December 31, 2010 there were 134 (2009 - 69) time-share units for which the corporation had obtained title in the name of Simcoe Condominium Corporation No. 32, or registered power of sale documents and had not resold or leased the units. The corporation incurs legal fees on the sale of time-share units registered in the name of Simcoe Condominium Corporation No. 32. The costs of these actions are recorded as an expense when incurred.

7. FINANCIAL INSTRUMENTS

The corporation manages its Reserve funds investments based on its cash flow needs. The interest rates on the high interest savings accounts and short-term investments held during the year varied from 1.05% to 3.65% (2009, 1.05% to 3.65%). The average interest rate at the end of the year was 1.65% (2009, 2.7%) with investments maturing from between 55 and 83 days. Investments are held in accounts and securities guaranteed by the Canadian Deposit Insurance Corporation.

Except as noted above, it is the board's opinion that the corporation is not exposed to significant interest rate, currency or credit risks arising from its financial instruments.

8. BUDGET INFORMATION

The budget figures presented for comparison purposes are unaudited and are those approved by the directors on October 22, 2009. They have been reclassified to conform with the financial statement presentation.

(53)

SIMCOE CONDOMINIUM CORPORATION NO. 32

STATEMENT OF REPAIRS AND MAINTENANCE EXPENDITURES FOR THE YEAR ENDED DECEMBER 31, 2010

SCHEDULE 1

GENERAL FUND	BUDGET 2010 (Unaudited)	2010	2009
Beach and canal	\$ 10,900	\$ 10,535	\$ 10,535
Cleaning, laundry and supplies	20,900	20,153	20,366
Exterior building	1,300	2,912	1,625
Grounds and yard	11,750	14,424	11,529
Heating and air conditioning units	500	-	-
Interior	15,000	15,882	19,352
Suite	7,300	9,590	7,870
Television	1,000	401	1,047
	<u>\$ 68,650</u>	<u>\$ 73,897</u>	<u>\$ 72,324</u>
 MAJOR RESERVE			
Exterior building repairs		\$ 1,024	\$ 8,951
Fire code replacements		62,657	-
Landscaping and parking lot maintenance		8,741	-
Plumbing repairs		51,090	26,336
Roof repairs and replacement		-	3,765
Shorewall replacement		5,460	-
Window and door replacement		-	24,885
		<u>\$ 128,972</u>	<u>\$ 63,937</u>
 RECREATION AND FURNISHING REPLACEMENT RESERVE			
FURNISHING REPLACEMENT RESERVE			
Furniture and fixture replacements - suites		\$ 19,128	\$ 26,097
Furniture and fixture replacements - restaurant		15,803	4,195
Furniture and fixture replacements - common areas		1,428	13,305
		<u>36,359</u>	<u>89,014</u>
 RECREATION RESERVE			
Equipment replacement		721	1,808
Pool facility repairs and replacements		5,962	15,918
Tennis facility repairs		-	1,151
		<u>6,683</u>	<u>3,427</u>
		<u>\$ 43,042</u>	<u>\$ 92,441</u>

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SIMCOE CONDOMINIUM CORPORATION NO. 32

**STATEMENT OF SERVICES AND UTILITIES EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2010**

SCHEDULE 2

GENERAL FUND	BUDGET		
	2010 (Unaudited)	2010	2009
Cable	\$ 14,800	\$ 14,293	\$ 14,374
Electricity	105,250	99,602	94,854
Propane	34,900	39,845	35,805
Sewer services	29,100	29,240	28,251
Water services	22,300	22,704	21,569
	<u>\$ 206,350</u>	<u>\$ 205,684</u>	<u>\$ 194,853</u>

55

HARBOUR INN VOTES TO SELL 2011

AS AT: 27-Sep-11

SCC32
of weeks
per unit

UNIT	YES VOTES	% of INTEREST	UNIT	YES VOTES	% of INTEREST
101	35	72.643	201	38	77.483
102	38	73.104	202	45	86.967
103	30	58.341	203	35	69.621
104	37	70.545	204	38	74.803
105	38	72.229	205	42	82.954
106	39	70.935	206	39	78.59
107	39	75.729	207	38	77.672
108	43	82.077	208	40	78.751
109	37	72.735	209	39	71.258
110	35	66.647	210	34	64.452
111	36	77.023	211	42	78.408
112	38	75.339	212	41	74.76
113	33	63.761	213	36	67.614
114	40	75.566	214	36	73.542
115	37	71.607	215	36	70.299
116	45	88.283	216	36	67.728
117	37	76.403	217	40	75.935
118	33	62.764	218	38	74.002
119	33	62.308	219	39	75.549
			220	36	71.375
			221	37	72.611
			222	42	79.327
			223	37	75.226
			225	37	68.322

Total Wks 703

Total Wks 921

OF UNITS WITH 26 WEEKS OR MORE THAT VOTED YES TO SELL 43
(REQUIRE 35 UNITS TO = 80% OF UNITS)

OF UNITS WITH OVER 50% INTEREST THAT VOTED YES TO SELL 43

YES VOTES FROM OWNERS	1255	57.228%	
YES VOTES FROM SCC 32	369	16.826%	
TOTAL YES VOTES	1624	74.054%	1624

NO VOTES FROM OWNERS 60 2.736%

TOTAL NUMBER OF WEEKS 2193

101	4
102	14
103	6
104	11
105	7
106	13
107	9
108	7
109	6
110	11
111	9
112	9
113	13
114	8
115	5
116	13
117	4
118	11
119	9
201	3
202	9
203	0
204	9
205	5
206	12
207	4
208	10
209	8
210	9
211	12
212	10
213	11
214	9
215	10
216	12
217	12
218	7
219	9
220	4
221	11
222	10
223	6
225	8
TOTAL	369

This is Exhibit.....referred to in the

affidavit of *Mona Lawrence*

sworn before me, this

day of 20.....

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

56

HARBOUR INN VOTES TO SELL 2011
AS AT: 11-Jul-11

SCC32
 # of weeks
 per unit

UNIT	YES VOTES	% of INTEREST	UNIT	YES VOTES	% of INTEREST
101	35	72.643	201	38	77.483
102	38	73.104	202	45	86.967
103	30	58.341	203	35	69.621
104	37	70.545	204	38	74.803
105	38	72.229	205	42	82.954
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116	45	88.283	216	36	67.728
117	37	76.403	217	40	75.935
118	33	62.764	218	38	74.002
119	33	62.308	219	39	75.549
			220	36	71.375
			221	36	71.619
			222	42	79.327
			223	37	75.226
			225	37	68.322

Total Wks 703

Total Wks 920

OF UNITS WITH 26 WEEKS OR MORE THAT VOTED YES TO SELL 43
 (REQUIRE 35 UNITS TO = 80% OF UNITS)

OF UNITS WITH OVER 50% INTEREST THAT VOTED YES TO SELL 43

YES VOTES FROM OWNERS	1254	57.182%	
YES VOTES FROM SCC 32	369	16.826%	
TOTAL YES VOTES	1623	74.008%	1623
NO VOTES FROM OWNERS	60	2.736%	
TOTAL NUMBER OF WEEKS	2193		

101	4
102	14
103	6
104	11
105	7
106	13
107	9
108	7
109	6
110	11
111	9
112	9
113	13
114	8
115	5
116	13
117	4
118	11
119	9
201	3
202	9
203	0
204	9
205	5
206	12
207	4
208	10
209	8
210	9
211	12
212	10
213	11
214	9
215	10
216	12
217	12
218	7
219	9
220	4
221	11
222	10
223	6
225	8
TOTAL	369

URGENT MESSAGE TO HARBOUR INN OWNERS

As President of Harbour Inn and Resort Club I want to make all owners aware of the **crisis** facing us now.

Harbour Inn is in a difficult financial situation primarily due to unpaid maintenance fees over the last few years and the cost of legal fees to repossess and sell weeks. In 2010 Harbour Inn accumulated 178 weeks through repossessions. Right now we have 134 weeks that are not sold which could result in unpaid maintenance fees for those in 2011. Currently we have approximately \$67,400 in unpaid maintenance fees for 2010. Our accumulated deficit from previous years is \$45,485. These shortfalls will result in an **ACCUMULATED DEFICIT OF APPROXIMATELY \$112,000** at December 31, 2010. This presented us with a major challenge, as we must include this amount in the budget for 2011.

This year legal costs soared due to utilizing Quit Deeds and Power of Sales on units that were in arrears. Quit Deeds and Power of Sales have been the practice for many years. This has become financially prohibitive and we have decided not to repossess unpaid weeks in the future. Unpaid maintenance fees will stay on the ledger of each owner as a debt, accruing interest, and the owner shall have no right to use the unit until payment is made in full.

Many other factors affected operating expenses, notably building maintenance issues and the infamous HST. (Please see notes on page 2)

During a review of our Risk Assessment this year with our Chartered Accountant / Auditor Jack Booth, it became clear that drastic action would be necessary to maintain Harbour Inn as a viable timeshare resort. Although approximately 40 of the weeks owned by Harbour Inn have been sold or leased this year, we cannot keep up with the number of weeks coming back each year because of unpaid maintenance fees.

IT IS ESSENTIAL THAT WE CLEAR THE FISCAL DEFICIT GOING INTO 2011.

Consequently, 2011 Maintenance Fees will increase 13.64% to **\$450.87 for a studio** and **\$538.50 for a one-bedroom**. We understand that this is a large increase, but it is the only option given the circumstances. This will allow us to operate on a sound footing going forward **IF ALL OWNERS PAY THEIR MAINTENANCE FEES!**

In the event that a large number of owners do not pay their fees the Board of Directors will call for an early Special Meeting of Owners and ask the owners to vote on selling Harbour Inn.

The Board has asked the staff to forego wage increases for 2011. We will reduce the hours that the Tennis Court will be heated during the winter in order to save propane costs. Eliminating Quit Deeds and Power of Sales will result in major savings. The maintenance staff has put timers on some exterior lighting and programmable thermostats on the two furnaces in the pool area to reduce electricity usage at night.

On the positive side, the Fire Alarm System is up to Code and the building retrofit is complete. Most of the plumbing under the building has been replaced. Many elements of Harbour Inn are new, such as many windows and sliding doors, furnaces in the pool area, ice machines, etc. Mary and her staff took on the challenge of maintaining the landscaping this year and did a wonderful job that saved owners a lot of money after the Board decided the quotes for professional landscaping were just beyond us.

Harbour Inn is a wonderful place in which to have ownership. Let's make every effort to pay our fees for 2011 in order to keep using this unique facility as a viable timeshare. *Mon Lawrence*

On behalf of the Board of Directors and Staff, *sworn before me, this 19th*

Gary Shaw, President

day of *December* 2011

[Signature]
A COMMISSIONER FOR TAKING AFFIDAVITS

CHANGES IN 2011

- Our new Insurance Company's Underwriter has permanently closed all suite fireplaces, as they are no longer up to code.
 - Reserve Fund Study will commence in 2011 depending on maintenance fee payments being received.
 - In an effort to reduce costs, only emergency repairs will be made.
 - The Monday morning "Get Acquainted" meetings have been cancelled.
-
- Replacement of furnishings and renovations are on hold.
 - Contributions to the refurbishing and recreation funds have been significantly reduced to keep the 2011 maintenance fees from being more than a 13.64% increase.
 - The amount allocated for unpaid 2011 maintenance fees is based on approximately 200 weeks, which includes the 134 weeks on hand.
 - Tennis court hours during the winter will be from 9am to 5pm daily and heated on Tuesdays and Thursdays only.
 - The pool will be closed at 10pm instead of 11pm.
 - Oil & Vinegar has been removed from all of the suites to reduce damage to the kitchen cupboards.
 - Lewis Property Maintenance has received the snow-ploughing contract for 2010 / 2011.
 - Daily rental rates to **owners only** during the winter are \$65.00 for a studio and \$75.00 for a one-bedroom suite between weeks 1 to 17 and 43 to 50. Weeks 51 and 52 rent at \$79.00 and \$89.00.
 - The Township of Ramara will hold the Swimming Program for residents for 8 weeks at the Harbour Inn commencing January 8th and ending February 26, 2011 on Saturday mornings. The pool is closed to all owners, guests and members until 2pm.

Please pay your maintenance fees!

Keep Harbour Inn viable!

FOLLOW-UP TO URGENT MESSAGE TO OWNERS

(59)

2011 Maintenance Fee Collections:

At the time of writing (January 13, 2011), the **Harbour Inn has collected 65.4% of the 2011 maintenance fees** or \$676,455.81 of the \$1,033,449.21. In comparison to 2010, the fees collected by Jan. 13/10 were 71%. We understand that some of you have been waiting to hear if the Harbour Inn will remain viable. This is our request that you pay your maintenance fees as **it is looking very good**. If you have not paid the 2011 maintenance fees, we urge you to do so immediately. You will find the first reminder notice enclosed; **if you pay before February 1, 2011, you will avoid the 2% interest charges.**

Some of our owners have asked very good questions regarding their RCI status, and the overall well being of Harbour Inn. When the Urgent Message to Owners was written in October 2010 the expectation of the collections of the 2011 maintenance fees was unknown. It was appropriate that your Board of Directors, through Gary Shaw, President, notify all owners of what might happen, given the outstanding, uncollected maintenance fees for 2010 and the legal fees that had been incurred to take back weeks by repossessing and attempting to sell some of those weeks.

Consequently, the Board made some very sound, if difficult, decisions for 2011. For example, the Harbour Inn will not pay the legal fees to repossess weeks from owners who decide not to pay the 2011 maintenance fees. We will continue to do Quit Deed transfers but it will be your cost if you wish to release the ownership to the Condominium Corporation. The cost to do this is \$400.00 per week. A transfer by Quit Deed may not be possible if all parties are deceased; a mortgage was not discharged with Inducon prior to their bankruptcy or one party is deceased requiring that a Survivor's Application be registered. That procedure costs approximately \$400 over the quit deed fee. Also, Harbour Inn will not be pursuing those that do not pay with Power of Sale notices.

If you do not pay the 2011 maintenance fees, the Harbour Inn will have your week/s removed from your RCI account as you are in breach of your contract with them; will not allow you to use the week/s at the Harbour Inn and will use your week/s without obligation or notification to you. This is spelled out very clearly in the Timeshare Agreement that each of you signed when you purchased your week.

As deeded owners, you own a percent of interest in the Inn pertaining to the week number in a unit. If the Board feels strongly that we will not have sufficient funds to continue to the end of 2011, a special meeting will be called urging owners to vote to sell the property. If the Harbour Inn is sold, each deeded owner will receive proceeds from the sale depending on the percent of interest owned. All deeded owners would have an opportunity to vote even if you have not paid the maintenance fees. But be assured, if the decision to sell the Harbour Inn carries, those that have not paid their maintenance fees, will not receive all of the proceeds due to them. The maintenance fees will be taken from your portion at that time. As it is, we do not believe that this is going to occur, so to those who have not yet paid their maintenance fees, and do not intend to, you will remain as an outstanding account on the books and future years maintenance fees plus interest will accumulate, until you pay them or sell your week/s. Not paying places a burden on the majority who have paid.

Please pay your maintenance fees to keep Harbour Inn viable!

RCI Enhanced Weeks System:

On November 15, 2010, RCI enhanced their week's system so owners will know the trading value of each week for exchange purposes.

This system relies on the Supply, Demand and Utilization of the week that you are depositing with them. You must deposit your week at least 9 months ahead of time and up to 2 years in advance to achieve 100% of your trading value. We encourage you to deposit one year in advance so that you are assured of receiving all of the trading value possible for your week. As long as you have paid the current years

maintenance fees, the Harbour Inn will allow the deposit of your week for future years. Harbour Inn's weekly trading values range from 9 (low demand) to 29 (high demand). (40)

When you are ready to do an exchange against your week, you will be able to look for resorts that offer the same trading value or less. Remember, that when you confirm an exchange within 30 days, the trading value drops to incredibly low numbers at resorts that have inventory available. If you do not have enough trading power and want to confirm an exchange further out than 30 days, you can combine deposits (as many as you need) for a fee of \$116 Canadian to RCI. This may give you an opportunity to travel to a resort that you would never be able to get to.

If you do not use all of your trading value, RCI gives you a credit for the difference.

Exchange Week Sales:

We have weeks available that have been deposited for 2011 and most have a trading power of 9. You can purchase one of these weeks from us for \$75.00 + HST = \$84.75 and we will transfer it into your RCI account. We have had a few owners purchase up to 4 of these weeks and they will be combining all of them with RCI for \$116. The cost to purchase 4 exchange weeks = \$339 + the cost to combine all 4 of these weeks with RCI is \$116 for a total of \$455 which is close to the amount for a studio week's maintenance fee at Harbour Inn for 2011!! You would then achieve a trading value of 36, which should get you an awesome exchange or two with RCI! If you do not use all of your trading value, you are credited with the difference. Exchange fees are to be paid to RCI and range in price from \$200 to \$222 Canadian, updated December 10, 2010.

Please call Mary Beitz, 705-484-5366 to arrange for the purchase of Exchange Weeks. We will need your Visa or Master Card and your RCI account number.

Room Rental Rates:

We have reduced the room rental rates and, as owners, you receive \$10.00 off of the regular rate depending on the week. Owners daily rates range from \$65 to \$125 per night + HST. The restaurant is closed on Mondays and Tuesdays at this time of year. Give us a call to reserve a night or two to get away from it all (705-484-5366). Our rates are posted on our website www.harbourinnresort.com under Rental Info.

Rental Agreement Forms:

The rental agreement form has been updated as of October 2010. The Harbour Inn will retain 40% of the total rental income. This form can be found on our website www.harbourinnresort.com under Rental Info. Scroll to the bottom of the page then click on the Rental Form. We must have a signed rental agreement on file and ask that you read the "Conditions of Rental" before submitting your completed form.

To quell the rumours flying around;

The Harbour Inn is not going bankrupt!

We are not letting our staff go!

Chef Konstantine's Restaurant is open!

HARBOUR INN VOTES TO SELL 2011

AS AT: 27-Sep-11

SCC32
of weeks
per unit

UNIT	YES VOTES	% of INTEREST	UNIT	YES VOTES	% of INTEREST
101	35	72.643	201	38	77.483
102	38	73.104	202	45	86.967
103	30	58.341	203	35	69.621
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110	35	66.647	210	34	64.452
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117	37	76.403	217	40	75.935
118	33	62.764	218	38	74.002
119	33	62.308	219	39	75.549
			220	36	71.375
			221	37	72.611
			222	42	79.327
			223	37	75.226
			225	37	68.322
Total Wks	703		Total Wks	921	

101	4
102	14
103	6
104	11
105	7
106	13
107	9
108	7
109	6
110	11
111	9
112	9
113	13
114	8
115	5
116	13
117	4
118	11
119	9
201	3
202	9
203	0
204	9
205	5
206	12
207	4
208	10
209	8
210	9
211	12
212	10
213	11
214	9
215	10
216	12
217	12
218	7
219	9
220	4
221	11
222	10
223	6
225	8
TOTAL	369

OF UNITS WITH 26 WEEKS OR MORE THAT VOTED YES TO SELL 43
(REQUIRE 35 UNITS TO = 80% OF UNITS)

OF UNITS WITH OVER 50% INTEREST THAT VOTED YES TO SELL 43

YES VOTES FROM OWNERS	1255	57.228%	
YES VOTES FROM SCC 32	369	16.826%	
TOTAL YES VOTES	1624	74.054%	1624

NO VOTES FROM OWNERS 60 2.736%

TOTAL NUMBER OF WEEKS 2193

This is Exhibit.....*F*.....referred to in the
affidavit of *Mrs. Lawrence*
sworn before me, this *19th*
day of *December*.....20*11*.....

A COMMISSIONER FOR TAKING AFFIDAVITS



**Cushman & Wakefield Ltd.
Valuation & Advisory**

33 Yonge St., Suite 1000
Toronto, ON M5E 1S9
(416) 862 0611 Tel
(416) 359 2613 Fax
www.cushmanwakefield.com

September 6, 2011

Mr. David Bray
c/o Harbour Inn & Resort Club
1 Poplar Crescent
Breachin
Ontario L0K 1B0

via email: djbray@rogers.com

Dear Mr. Bray,

Re: Valuation and Sale of the Harbour Inn & Resort Club

This is Exhibit 6 referred to in the
affidavit of Mr. Lawrence
sworn before me, this 19
day of December 2011

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

Thank you for the opportunity to submit this proposal for your consideration.

You have indicated that you are acting on behalf of the majority of the unit owners in the Harbour Inn & Resort Club to investigate the possible sale of the resort; as part of this process, you require a firm with specialized knowledge of the hospitality industry to help you identify the value of the resort and, possibly, to assist you in finding a purchaser.

BACKGROUND

The Harbour Inn & Resort Club ("HIRC") is a condominium timeshare resort project with approximately 43 guest rooms located on the shore of Lake Simcoe, approximately 10km east of Orillia. The resort was developed in 1979 and structured on a timeshare basis with individual timeshare owners having the rights to occupy their units for a week at a time. The resort has additional amenities including a restaurant (leased to a third party), as well indoor swimming pool, sun deck and other supporting facilities and services. Each owner has the option of becoming a member of Resort Condominiums International and participating in that firm's global timeshare exchange program.

You have indicated that the majority of unit owners have now decided that it may be the right time to sell the resort. As part of this process, you need to better understand the value of the resort in the current market conditions, and how such a transaction can best be realized.

In the following pages, we describe the reasons why we believe Cushman & Wakefield is the right firm to help you through this process, and we also describe the scope of work and methodology we plan to undertake in order to achieve your goals. It is important to note that in determining the value of the resort for a possible transaction, you have indicated that we are to assume the resort should be considered fully marketable – that is, all units are available without constraint and that the resort would have no legal or other structural issues impinging on its value or marketability as a fee simple acquisition.

WHY CUSHMAN & WAKEFIELD LTD.?

Cushman & Wakefield Ltd. is the Canadian division of Cushman & Wakefield, now one of the top three global hospitality real estate players by team size. Our expertise is grounded in all aspects of the hotel industry; we are retained to provide expert, independent opinions regarding virtually all matters relating to the development and operation of hospitality enterprises to owners, investors, lenders, developers and others. We cover all hotel and leisure sectors, while our experience of mixed-use developments means that we understand how to create the right mix of uses to maximize both value and access to brands.

While based in Canada and with considerable experience across the country, the group has also completed many other assignments in the United States, throughout the Caribbean, in Europe, Russia, and Africa, allowing us to apply knowledge of best practices around the world to our current projects. Our group has worked with most of the national hotel management companies in Canada, as well as many of the leading international chains. Our clients enjoy an unbeatable combination of large-scale resources, a broad range of international experience, specialized industry knowledge, key relationships and global infrastructure to meet hospitality needs in any market. We have the tools and perspectives to efficiently and thoroughly analyze issues and to prepare recommendations that will provide realistic and achievable results. While global in our firm's expertise and experience, our Canadian operation remains targeted towards the domestic hotel industry. Our Hospitality & Gaming Group is headquartered in Toronto and our workload necessarily focuses on hotels throughout Canada.

Part of the success of our Hospitality & Gaming Group is clearly attributable to our extensive knowledge and understanding of the industry, built up over many years of working on market studies, development strategies, financing and other assignments relating to successful hotel projects. Equally important, however, is our unwavering commitment to our clients to provide professional, independent advice based on well-researched and complete information, and to provide that advice in a timely manner consistent with our agreements.

OBJECTIVE

As discussed with you, we believe it is not in your best interest at this time to proceed with a formal appraisal of the resort; full narrative appraisal reports are typically required for financing purposes and used by lenders who may have little knowledge or understanding of the property, its market or the prevailing economic conditions. These reports therefore include a great deal of background information required by the lender – this obviously increases the scope of work and the cost of the assignment. These reports also typically cost between \$10,000 and \$20,000, and sometimes more.

During our discussion, you indicated you really need to understand what price you could command in the event that the unit owners decided to proceed with a sale of the resort. With this in mind, we suggest we provide you with a 'brokers opinion of value' – this is a report that provides you with our formal review and analyses of the resort, and concludes with our estimate of what we believe a purchaser would be willing to pay given the current market and investment conditions. With this in mind, our objective would be to:

Bring together from within Cushman & Wakefield the best team to identify a supportable and appropriate 'sale' price and then to facilitate the sale of the resort. Similar to recent hotel assignments, we are currently acting as exclusive advisor to PwC in the sale of the Hotel Quinte in Belleville. We also completed sale of the Yorkland Hotel (now Days Hotel and Conference Centre Toronto Don Valley) and the sale of the Valhalla Hotel to a residential developer. We will work with key members of our various disciplines to reach deep into the local investment community.

A selection of other completed hotel transactions is provided in the addendum to this proposal, including the former Ramada Guelph (now Best Western). We have also included in another addendum our qualifications document for our Hospitality & Gaming Group as well as resumes of our practice leaders.

HOTEL VALUE OPINION

There have not been a lot of hotel sales from which to draw comparisons within the last few months. A number of hotels and resorts that have traded this year were subject to some level of distress and are not, therefore, truly comparable to the Harbour Inn & Resort Club.

In order to provide you with our estimate of value, we would need to tour the property in order to better understand the number and quality of facilities offered, their condition and the overall ambiance of the resort. This would include inspections of various types of guest accommodations, as well as the public areas, restaurant, bar, back-of-house areas, as well as mechanical rooms. We would also need to meet with you (or a designated representative) in order to discuss any structural, mechanical or environmental issues.

We need to obtain from you the following information that would allow us to better understand the property, its performance and its likely value to a prospective purchaser:

- Date of opening,
- Site plan with dimensions,
- Legal description of the property (Property Identifier #, Plan #, Lot # etc.),
- Name of registered titleholder,
- List of easements, encumbrances and charges on title,
- Size of building footprint - sq. ft,
- Copies of last 3 years tax assessment. Details as to any special tax concessions,
- Date of original construction of building. Date of major additions etc.
- Floor plans for each floor of the building,
- Property Inspection report (showing type of construction, HVAC systems, fire control, elevators etc.),
- Room configuration showing # each type of room and typical room sizes (standard king, deluxe double/double, 1-bedroom suite, etc.),
- Copies of licenses for each F & B outlet, showing licensed capacities. Hours of operation for each outlet,
- Subject hotel occupancy and ADR for last 3 years, as well as year-to-date,
- Market segmentation for last year (% demand from Ind. Corporate, Group Corporate, Ind. Leisure, Tour Group etc.)
- Detailed Financial Statements for at least the last 3 years, as well as year-to-date,
- Budget for current year as well as budget for next year,
- Capital expenditures for last 3 years. Current capital programs and plans for next 2 years,
- Copies of all major leases and contract for services (ground/air rights leases, building leases, major equipment leases etc.),
- Copy of Management Agreement if applicable,

- Top 5 corporate accounts and the number of room nights generated by each in the last two years.

The general mood of hotel operators and investors is positive with an optimistic outlook for continued fundamental improvements and investment opportunities in the near term. We just put a hotel under contract within the Golden Horseshoe (Ontario) that presented excellent potential performance through re-positioning compared to current performance resulting in a low going-in yield.

We have not yet had the opportunity to review detailed financial results for the Harbour Inn & Resort Club, but believe in a market environment where the mood and outlook is positive then growth should follow. Our belief is that the resort has good upside potential and can generate positive results under the right type of ownership and capital investment plan. It offers a nice mix of amenities and a good location proximate to a number of demand generators.

MARKETING STRATEGY

In order to provide maximum exposure of the resort to the investment community, we recommend the following:

- Preparation of electronic and hard copy marketing material for distribution.
- Set-up of the electronic data room for the resort that can be accessed by prospective investors once qualified and upon execution of the confidentiality agreement.
- Mass email communication within the broader Cushman & Wakefield network.
- Email distribution to our hotel investor/owner contact database and general commercial property investor and developer database to ensure maximum coverage.
- Secure ad space in the Globe and Mail and/or Toronto Star real estate sections to boost exposure.
- Direct phone call follow-up to all investors that we believe are the 'right' profile buyer for the resort. This profile includes the typical resort owner/operator that has experience in re-positioning assets of this type particularly those within the local area or region.
- Provide organized property tours with prospective investors that minimize business interruption.
- Timely follow-up on any and all inquiries.

With many subjective value elements attributed to the resort, we recommend marketing the asset without a price and solicit feedback from the most aggressive market participants from the hotel investment community. This approach eliminates the risk of creating a value ceiling by allocating an asking price.

REPORTING

We are prepared to provide weekly reporting letters to you that updates the status of the marketing strategy and profile of interested investor groups from launch through to closing. The reporting will include notes from

conversations with investors related to the asset condition and pricing. Upon request, we can participate in conference calls or prepare supplemental status reports as needed.

FEES

Our fees for the site inspection, analyses and our determination of value will be \$7,500. If we are retained to undertake the sale of the property on your behalf, our fee will be 4% of the total sale proceeds, payable upon successful completion of a transaction. The cost of the valuation (\$7,500) will also be credited to any fees earned through the sale of the property.

All reasonable out-of-pocket expenses related to this assignment are to be reimbursed including any ads placed in the media. Also, any and all applicable taxes are additional.

If you are in agreement with the terms of this proposal and wish us to proceed with the valuation component, please sign a copy of this letter as your authorization for us to proceed. If you have any questions, please contact me to discuss this opportunity in further detail. We look forward to working with you on this assignment.

Sincerely,
CUSHMAN & WAKEFIELD LTD.



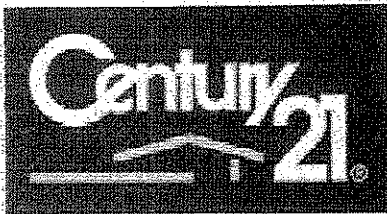
Charles Suddaby MRICS CMC
Vice President
Hospitality & Gaming Group
charles.suddaby@ca.cushwake.com
Phone Office 416.359.2407 Fax 416.359-2602

AGREED:
CLIENT: HARBOUR LAGOON MANAGEMENT

By: _____ Date: _____
Name

Title: _____

E-mail Address/Phone & Fax Nos.: _____



LAKESIDE COVE REALTY LTD., Brokerage
87 Laguna Pkwy., Unit #7 Brechin ON
L0K 1B0

PH: 705-484-2121
FX: 705-484-2104

September 21, 2011

To Whom it may Concern

Thank you for giving me the opportunity of assisting you with the successful sale of the Harbour Inn & Resort Club.

I have lived in Lagoon City for over 27 years and have enjoyed being a part of the community. Lagoon City was started in 1963 and has had four different owners to date promoting this development. I have worked with each one of those owners from Andrew Zsolt, then Dr. Jack Tse & Simon Winston, followed by Al Soorty & Zoran Cocov and currently Lagoon City Holdings. I also worked for the developer in Collingwood, promoting Cranberry Village and Blue Mountain.

Since 1984, I have sold over 300 weeks of timeshare and over 300 new condos from the brochure design to the final occupancy. I have also sold commercial property in Keswick, Beaverton and Orillia, ranging from apartment buildings and restaurants to marinas and recycling businesses. Currently I am serving my third term as Vice-President of Ontario's Lake Country, working with the mayors of five communities - Orillia, Severn, Rama, Oro-Medonte and Ramara as well as Casino Rama - in order to promote our region. This is also my second term as President of the Ramara Chamber of Commerce which presently boasts over 150 business members.

As a long-term member of the Toronto Real Estate Board with over 18,000 members, I feel that it would be a great tool to help promote the Harbour Inn. Through Century 21, I will create a personal website for the Harbour Inn which will be available in three different languages. The Century 21 system has one of the largest referral networks in the world.

This is Exhibit.....H.....referred to in the
affidavit ofM. Lawrence.....

sworn before me, this19.....
day ofDecember..... 2011.....

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

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The challenge of selling the Harbour Inn will include finding a buyer within the hotel or resort field who appreciates the value and also recognizes the potential of future business. I would suggest a list [REDACTED] with a commission total of 4% plus HST. In order to find that buyer, my marketing and advertising strategy will be geared towards prompting the hotel and resort as a lifestyle opportunity, with the accent on the abundant waterfront enjoyment possibilities. I look forward to working with the Board of Directors in an effort to continue Andrew Zsolt's legacy and his dream of creating a year-round, waterfront resort community.

Thank you for your time,



Roger Selman
Broker of Record/Owner

Each office is independently owned and operated. ® and ™ Registered trademarks of Century 21 Real Estate Corporation used under license.

Ph: 705-484-2121

Fx: 705-484-2104

E-mail: C21CLC@rogers.com



Don Campbell Real Estate Limited

Brokerage*

36 Andrew Street South

Orillia, Ontario L3V 5J1

Business 705-325-1366

Fax 705-325-7556

Toll Free 1-800-498-8775

century21@realestate-orillia.com

Harold Holmes

September 22, 2011

David Bray Director

Simcoe Condominium Corporation No 32

Harbour Lagoon Management Inc.

1 Poplar Crescent, Lagoon City

Brechin, Ontario

LOK 1B0

In response to your request dated September 5, 2011 for a Real Estate Agent to manage the sale of your property.

As a Real Estate Agent I will be working on your behalf to acquire a sale suitable to you. I will handle the Advertisement, marketing, listing (MLS), market to potential buyers and other agents who may have buyers. I will orchestrate the showings, give updates to the Board and negotiate on your behalf. I will also provide advice to the Board.

You have requested specifics with respect to listings and sales. I will provide as much as possible but will have to consider the privacy of previous clients as I will with your information. Whatever we discuss is between you and your Agent (Me). Release of information will have to be mutually agreed.

This is Exhibit I referred to in the
affidavit of Mina Lawrence
sworn before me, this 19
day of December 2011


A COMMISSIONER FOR TAKING AFFIDAVITS



*Independently Owned And Operated.

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This is a list of some current and previous transactions I have been involved in.

1. Orillia Curling Club: Handling the sale of the then current property and then orchestrating the creation of a new facility. This involved working with many shareholders and shareholder rights. This would have similar issues with Timeshare Owners.
2. Condominium complex: This is a case where 44 units are being put up for sale as a block. They are being sold by the Condominium Corporation as they are ahead of the mortgage company. This will be done through the courts. This to date has involved my involvement in advising the Court appointed Condominium Representative, acquiring an appraisal, promoting the properties to the public and building a list of buyers for the transaction when available. The buyers are of two types, some working through me and others working through other agents.
3. I am handling the land buying operations of an off shore group who have at this point acquired approximately 1,500 acres. This has been ongoing for over 6 years and involves negotiating, recommending legal advice, co-ordinating land environmental tests and maintaining ongoing aide to the principles.
4. Over the past 10 years I have been and still am working with a local group in helping them acquire land, dispose of surplus land and the maintaining of land acquired. I report to the group as a whole, giving advice, preparing land information, and following through with their requests.
5. Working with various major developers to acquire projects and aided in their development.
6. I have been hired through local lawyers to work for various municipalities to negotiate purchases and sales of property that they were not able to handle.
7. I am quite often asked by agents in my office and sometimes from other offices to help them with a Commercial listing.

Advertisement and Promotion.

The advertisement will be Internet, Newspaper, Commercial Magazines, MLS for Commercial listings. Internet listing site for your property, promotion to other Agents through my contacts.

Time for sale

This depends on many things like economy, asking price, is the Seller ready and able to sell, availability to show. As an estimate for the sale of property that I have either been involved in or observed, my estimate would be six months to a year. It could be shorter or longer.

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Finding the right person with a vision for the use of the property will determine all of this. If the sale requires negotiations with the township, environmental or others, then this could be extended.

Commission and fees:

1. HST on the sale if applicable would be paid by the Buyer.
2. Appraisal costs
3. Land transfer tax paid by the Buyer.
4. Each of the Buyer and Seller to pay their own Legal fees plus HST on the fees.
5. Commission which would be shared with the each of the listing and selling agents and their respective offices will be 5% of the sale price plus HST on the commission.
6. Advertisement by the Agent will be paid by the Agent.

I thank you for the opportunity to apply.

Yours truly



Harold Holmes

Sales Representative

Don Campbell Real Estate Limited

36 Andrew St S.

Orillia, Ontario L3V 5J1

705-325-1366 Office

800-498-8775

705-325-7556 Fax

This is Exhibit 5 referred to in the
affidavit of Mrs. Lawrence
sworn before me, this 19

(72)

EXCLUSIVE SALES LISTING AGREEMENT

day of December 2011

~~XXX~~, in its capacity as court-appointed receiver of ~~XXX Ontario Inc.~~ (hereinafter the "Receiver") Harbour Lagoon Management Inc. and/or Simcoe Condominium Corporation number 32 (hereinafter the "Seller") has authority to sell the property situated in the Town of Brechin, in the Province of Ontario, municipally known as Harbour Inn & Resort Club, located at 1 Poplar Crescent (the "Property").

A COMMISSIONER FOR TAKING AFFIDAVITS

1. In consideration of the listing for sale of the Property by Cushman & Wakefield Ltd., Brokerage ("CUSHMAN"), and CUSHMAN's agreement to use its best efforts to effect a sale of the Property, the Seller hereby grants to CUSHMAN the exclusive right to sell the Property for a period commencing January XX, 2012, and ending midnight, July 31, 2012 (the "Term"). It is understood that CUSHMAN will market the Property without a price.
2. The Seller agrees to pay CUSHMAN a commission of four percent (4.0%) of the sale price of the Property up to a pre-determined threshold (the "Threshold"), on any sale affected during the currency of this agreement from any source. For the portion (if any) above the Threshold, a commission of three and one half percent (3.5%) will apply.
3. H.S.T. shall be payable on any commission paid to CUSHMAN by the Seller herein.
4. The commission shall be earned by CUSHMAN in the event that during the Term: (a) the Property is sold to a purchaser procured by CUSHMAN, the Seller or anyone else; (b) any contract for the sale of the Property is entered into by the Seller; or (c) the Seller contributes or conveys the Property to a partnership, joint venture or other business entity. The commission shall be payable upon the completion of the sale of the Property.
5. The Seller further agrees that the Seller shall also pay CUSHMAN the commission if, within ninety (90) calendar days after the expiration or termination of the Term, the Property is sold to, or the Seller enters into a contract of sale of the Property with, or negotiations continue, resume or commence and thereafter continue leading to a sale of the Property to any person or entity (including his/her/its successors, assigns or affiliates) with whom CUSHMAN has negotiated (either directly or through another agent) or to whom the Property has been submitted prior to the expiration or termination of the Term. CUSHMAN is authorized to continue negotiations with such persons or entities. CUSHMAN agrees to submit a list of such persons or entities to the Seller no later than ten (10) business days following the expiration or termination of the Term, provided, however, that if a written offer has been submitted, then it shall not be necessary to include the offeror's name on the list.
6. The Seller and CUSHMAN hereby acknowledge that this is an exclusive listing and that CUSHMAN shall not be required to cooperate with any other agent in connection with its exclusive listing. At the sole discretion of CUSHMAN, a third-party real estate agent may be permitted to cooperate in the sale of the Property on terms which shall be established by CUSHMAN and such cooperating agent; and, which terms shall not require the Seller to pay any commission in addition to the commission set out herein.

7. Seller agrees that reasonable out-of-pocket costs associated with advertising the Property in a national newspaper such as the Globe and Mail or National Post shall be reimbursed to CUSHMAN. However, upon the successful sale of the Property and CUSHMAN is paid its commission, CUSHMAN will reimburse the Seller for third party advertising costs and the cost of the initial appraisal completed by its appraisal division.
8. The Seller agrees to co-operate with CUSHMAN in bringing about a sale of the Property and to refer immediately to CUSHMAN all inquiries of anyone interested in the Property. All negotiations are to be through CUSHMAN. CUSHMAN is further authorized to advertise the Property if, in the opinion of CUSHMAN, such advertising would facilitate the sale of the Property.
9. CUSHMAN acknowledges that any information provided to CUSHMAN by the Seller in respect of the Property is on an "as is where is" basis. The Seller has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the information.
10. CUSHMAN is authorized to accept a deposit from any prospective purchaser. The Seller agrees that all deposit monies payable hereunder shall be paid into the trust account of CUSHMAN. CUSHMAN shall have the right to deduct any commission payable hereunder from the deposit monies it holds in its trust account on the closing or completion of the transaction; and, any remaining balance of commission due and payable to CUSHMAN shall be paid by the Seller forthwith.
11. The Seller acknowledges and agrees that from time to time CUSHMAN may represent a tenant in a dual agency relationship and the Seller hereby consents to such limited dual agency wherein CUSHMAN maintains confidentiality with respect to each party's pricing intentions, corporate objectives and motivation.
12. The Seller declares, represents, warrants and certifies that it is the Seller of the Property and that it has the authority to enter into and execute this Exclusive Sales Listing Agreement.
13. This Exclusive Sales Listing Agreement constitutes the entire agreement between the Seller and CUSHMAN and supersedes all prior discussions, negotiations and agreements, whether oral or written. In case of any inconsistencies between this Agreement and any commission provisions in the Agreement of Purchase and Sale, the provisions of this Agreement shall govern and be paramount. No amendment or alteration of this Agreement shall be valid or binding unless made in writing and signed by both the Seller and CUSHMAN.
14. CUSHMAN hereby declares that the following representative of the company: Curtis Gallagher, is insured as required by the Real Estate and Business Brokers Act (REBBA) and Regulations.
15. This Exclusive Sales Listing Agreement shall be governed by and shall be subject to the laws of the Province of Ontario.

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16. The Seller, by its signature below, acknowledges and agrees that this Agreement is for a term exceeding one hundred and eighty (180) days.

Receivers
Initials

17. CUSHMAN acknowledges that this Exclusive Sales Listing Agreement and the Seller's acceptance thereof are subject to approval by the Ontario Superior Court of Justice.

The Seller hereby acknowledges receipt of an executed copy of this Exclusive Sales Listing Agreement.

Dated at _____ this _____ day of _____, 2011.

XXX.

Harbour Lagoon Management Inc. and/or Simcoe Condominium Corporation number 32 (hereinafter the "Seller").

and not in its personal capacity.

Per:

I have authority to bind the Seller

Print Name: _____

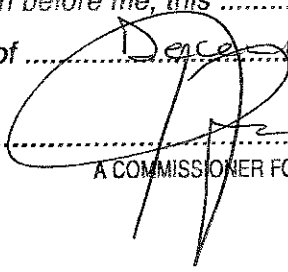
Dated at _____ this _____ day of _____, 2011.

Cushman & Wakefield Ltd., Brokerage ("CUSHMAN")

Per:

I have authority to bind the company

Print Name: _____

This is Exhibit K referred to in the
affidavit of Mr. Lawrence
sworn before me, this 19th
day of December 2011

A COMMISSIONER FOR TAKING AFFIDAVITS

PIN	Unit	Level	Week	Charge	Mortgagee	Mortgagor	Amount	Date	Still Owner
59032-0001	1	1							
59032-0002	2	1							
59032-0003	3	1							
59032-0004	4	1							
59032-0005	5	1	28	LT38249	Inducon	Lenore A. Loveless	6,000.00	13-Aug-81	No
59032-0006	6	1							
59032-0007	7	1							
59032-0008	8	1							
59032-0009	9	1	21	LT33195	Inducon	Roland Tanglao & Elena S. Chan	1,400.00	18-Dec-80	No
59032-0010	10	1							
59032-0011	11	1							
59032-0012	12	1	3	LT33067	Inducon	Dannie Rule	1,200.00	15-Dec-80	Yes
59032-0013	13	1							
59032-0014	14	1							
59032-0015	15	1							
59032-0016	16	1	25 & 26	LT33545	Inducon	Roderick Macaulay	6,800.00	15-Apr-81	No
59032-0016	16	1	32, 33, 34	LT33906	Inducon	Betty M. Macaulay	12,200.00	12-Feb-81	No
59032-0017	17	1	37	LT32422	Inducon	James A. Gibson and Irene T. Gibson	2,100.00	27-Nov-80	Yes
59032-0018	18	1	12	LT36430	Inducon	Paul Darby and Joan Darby	1,700.00	11-Jun-81	Yes
59032-0018	18	1	35	LT45442	Inducon	Mildred Williams and Patricia Williams	5,550.00	30-Sep-82	No
59032-0019	19	1							
59032-0020	20	1	13	LT35083	Inducon	Anne Souilliere	900.00	23-Apr-81	Yes
59032-0021	21	1							
59032-0022	22	1	24	LT38493	Inducon	Ninna Petersen	2,450.00	20-Aug-81	No
59032-0023	23	1	7	LT47462	Inducon	Nicholas Shelaga and Brenda Shelaga	1,900.00	6-Jan-83	Yes
59032-0024	24	1	24	LT38490	Inducon	Benny Petersen	2,450.00	20-Aug-81	No
59032-0024	24	1	11	LT56053	Inducon	Linda Lee	1,900.00	15-Dec-83	Yes
59032-0025	25	1							
59032-0026	26	1							
59032-0027	27	1							
59032-0028	28	1							
59032-0029	29	1							

[illegible]

59032-0050	21	2	29	LT34803	Inducon	Hans Heinrich Winkelfried Roessler and Chirsta Maria Rosessler	4,200.00	9-Apr-81	Yes
59032-0050	21	2	30	LT35052	Inducon	Iain Thomas Smith	4,250.00	23-Apr-81	No
59032-0050	21	2	37	LT38863	Inducon	Charles A. Moore and Lawrence William Lang	2,150.00	3-Sep-81	No
59032-0050	21	2	8	LT43253	Inducon	Bernard J. Cook and Lyna J. Cook	1,455.00	27-May-82	Yes
59032-0051	22	2							
59032-0052	23	2	11	LT42337	Inducon	Florence A. Laundry	3,300.00	25-Mar-82	No
59032-0052	23	2	18	LT42729	Inducon	Deborah G. Gembus	3,300.00	22-Apr-82	Yes
59032-0052	23	2	4	LT42732	Inducon	Kathleen S. Weeks	3,300.00	22-Apr-82	Yes
59032-0052	23	2	24, 47	LT42860	Inducon	Dominique Debreer	9,464.00	30-Apr-82	Yes
59032-0052	23	2	10	LT43243	Inducon	Arthur Lowther	3,300.00	27-May-82	No
59032-0053	24	2							

PIN	Unit	Level	printed	Transfer Restriction	2 TR Amendm ents	Bylaws 1, 2, 3	Bylaws 4, 5, 6, 7, 8	Apl (Gen)	Order LT389266 Ont Clean Water	Condo Lien	Charge	Other
59032-0001	1	1	X	NONE	NONE	X	X	NONE	X			
59032-0002	2	1	X	NONE	NONE	X	X	NONE	X			
59032-0003	3	1	X	NONE	NONE	X	X	NONE	X			
59032-0004	4	1	X	NONE	NONE	X	X	NONE	X			
59032-0005	5	1	X	LT32175	X	X	X	LT32174	X		LT38249	
59032-0006	6	1	X	LT27201	X	X	X	LT27175	X	LT217179 LT217180 LT217181		
59032-0007	7	1	X	LT27201	X	X	X	LT27175	X	LT217182 LT217183		
59032-0008	8	1	X	LT27201	X	X	X	LT27175	X			SC796612 LR ORDER
59032-0009	9	1	X	LT27201	X	X	X	LT27175	X		LT33195	
59032-0010	10	1	X	LT27201	X	X	X	LT27175	X	LT 217184 LT217185 LT217186 LT217187 LT217188 LT217189 LT217190		SC715397 LR ORDER
59032-0011	11	1	X	LT27201	X	X	X	LT27175	X	LT217191 LT217193		
59032-0012	12	1	X	LT27201	X	X	X	LT27175	X		LT33067	
59032-0013	13	1	X	LT27201	X	X	X	LT27175	X	LT217192 LT217194		
59032-0014	14	1	X	LT27201	X	X	X	LT27175	X	LT217195		
59032-0015	15	1	X	NONE	NONE	X	X	LT32174	X			
59032-0016	16	1	X	LT32175	X	X	X	LT30312	X	LT217196	LT33545 LT33906	LT44280 Partial Discharge
59032-0017	17	1	X	LT31141	X	X	X	LT27175	X	LT217198 LT217199	LT32422	
59032-0018	18	1	X	LT27201	X	X	X	LT27175	X	LT217200	LT36430 LT45442	
59032-0019	19	1	X	LT27201	X	X	X	LT32174	X	LT217202		
59032-0020	20	1	X	LT32175	X	X	X	LT34443	X	LT217203 LT217204	LT35083	
59032-0021	21	1	X	LT34717	X	X	X	LT34443	X			
59032-0022	22	1	X	LT34717	X	X	X	LT34443	X		LT38493	
59032-0023	23	1	X	LT34717	X	X	X	LT34443	X		LT47462	
59032-0024	24	1	X	LT34717	X	X	X	LT34443	X		LT38490 LT56053	
59032-0025	25	1	X	NONE	NONE	X	X	NONE	X	LT217213		
59032-0026	26	1	X	NONE	NONE	X	X	NONE	X	LT217214		
59032-0027	27	1	X	NONE	NONE	X	X	NONE	X	LT217215		
59032-0028	28	1	X	NONE	NONE	X	X	NONE	X	LT217216		
59032-0029	29	1	X	NONE	NONE	X	X	NONE	X	LT217217		
59032-0030	1	2	X	LT27201	X	X	X	LT27175	X			
59032-0031	2	2	X	LT27201	X	X	X	LT27175	X			
59032-0032	3	2	X	LT27201	X	X	X	LT27175	X		LT37605 LT68629*	

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59032-0033		4	2	X	LT27201	X	X	X	LT27175	X		LT31855 LT35055	
59032-0034		5	2	X	LT27201	X	X	X	LT27175	X		LT30028	
59032-0035		6	2	X	LT31141	X	X	X	LT30312	X	LT217224 LT217226		
59032-0036		7	2	X	LT27201	X	X	X	LT27175	X	LT217227		
59032-0037		8	2	X	LT27201	X	X	X	LT27175	X	LT217228 LT217229		
59032-0038		9	2	X	LT27201	X	X	X	LT27175	X		LT30221	
59032-0039		10	2	X	LT27201	X	X	X	LT27175	X	LT217232		
59032-0040		11	2	X	LT32175	X	X	X	LT32174	X			
59032-0041		12	2	X	LT31141	X	X	X	LT30312	X	LT217234 LT217235	LT33917	
59032-0042		13	2	X	LT31141	X	X	X	LT30312	X	LT217236		
59032-0043		14	2	X	LT27201	X	X	X	LT27175	X		LT43769	
59032-0044		15	2	X	LT34717	X	X	X	LT34443	X	LT217237		
59032-0045		16	2	X	LT31141	X	X	X	LT30312	X	LT217239	LT42300	
59032-0046		17	2	X	LT27201	X	X	X	LT27175	X	LT217240	LT29822 LT33217 LT40555	
59032-0047		18	2	X	LT34717	X	X	X	LT34443	X	LT217241 LT217245	LT38486 LT39302 LT40564	LT277068 Not Lease
59032-0048		19	2	X	LT34717	X	X	X	LT34443	X		LT40911	
59032-0049		20	2	X	LT34717	X	X	X	LT34443	X	LT217247	LT41933 LT56042 LT276492	
59032-0050		21	2	X	LT34717	X	X	X	LT34443	X	LT217249	LT34803 LT35052 LT38863 LT43253	
59032-0051		22	2	X	LT27201	X	X	X	LT27175	X	LT217251 LT217252 LT217253 LT217254		
59032-0052		23	2	X	LT34717	X	X	X	LT34443	X		LT42337 LT42729 LT42732 LT42860 LT43243	
59032-0053		24	2	X	LT34717	X	X	X	LT34443	X			



Office of the Superintendent
of Bankruptcy Canada

An Agency of
Industry Canada

Bureau du surintendant
des faillites Canada

Un organisme
d'Industrie Canada

Canada

**Bankruptcy and Insolvency Records (BIA) Search Results |
Résultats de la recherche dans le Registre des dossiers de faillite et d'insolvabilité
(LFI)**

2011-12-19

Search Criteria | Critères de recherche :

Name | Nom = Inducon Development Corporation,
Province = Ontario, Name Type | Type de nom =
Business | Entreprise
dda5694

Reference | Référence :

A search of the Office of the Superintendent of Bankruptcy records has revealed the following information, for the period 1978 to 2011-12-15, based on the search criteria above-mentioned.

Une recherche dans les dossiers du Bureau du surintendant des faillites a permis de trouver l'information suivante, pour la période allant de 1978 à 2011-12-15, selon les critères de recherche susmentionnés.

BIA Estate Number	31-256257
Numéro du dossier en vertu de la LFI :	
BIA Estate Name	INDUCON DEVELOPMENT CORPORATION
Nom du dossier en vertu de la LFI :	
Birth Date Date de naissance :	
Province :	Ontario Ontario
Address Adresse :	235 YORKLAND BLVD,, NORTH YORK, Ontario, M2J4Y8
Estate Type Type de dossier :	BANKRUPTCY FAILLITE
Date of Proceeding Date de la procédure :	1992-01-31
Total Liabilities* Total du passif* :	\$161,791,406
Total Assets* Total de l'actif* :	\$134,251,000
First Meeting of Creditors	1992-04-16 10:30:00
Première assemblée des créanciers :	
Discharge Status Statut de la libération :	
Effective Date Date d'entrée en vigueur :	
Court Number Numéro de cour :	31256257
* As declared by debtor Tel que déclaré par le débiteur	

Appointed Trustee or Administrator |
Syndic ou administrateur nommé :
Responsible Person | Personne responsable :
Address | Adresse :

Telephone | Téléphone :
Fax | Télécopieur :
Trustee or Administrator's Discharge Date |
Date de la libération du syndic ou de
l'administrateur :

KPMG INC.

GUTFREUND, IZYDORE GEORGE
Bay Adelaide Centre , 333 Bay Street, Suite 4600,
Toronto, Ontario, Canada, K5H2S5
416-777-3054
416-777-3364

This is Exhibit referred to in the
affidavit of *Mrs. Lawrence*

This is Exhibit referred to in the
affidavit of Mrs. Lawrence
sworn before me, this 19
day of December 2011

A COMMISSIONER FOR TAKING AFFIDAVITS



Protecting the Integrity of the Insolvency System

Protéger l'intégrité du système d'insolvabilité

Charge/Mortgage of Land

Form 2 — Land Registration Reform Act, 1984

B

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<p>68629</p> <p>CERTIFICATE OF RECEIPT</p> <p>85 JUN 27 P 3: 33</p> <p><i>[Signature]</i> ASST. DEP. LAND REGISTRAR SIMCOE — No. 51, BARRIE</p> <p>New Property Identifiers PARCEL UNIT 3, LEVEL 2 SECTION CONDO 33</p> <p>Executions CLEAR</p>		<p>(1) Registry <input type="checkbox"/> Land Titles <input checked="" type="checkbox"/> (2) Page 1 of 2 pages <i>JK</i></p> <p>(3) Property Identifier(s) Block Property Additional: See Schedule <input type="checkbox"/></p> <p>(4) Principal Amount FIFTEEN HUNDRED Dollars \$ 1500.00</p> <p>(5) Description an undivided 1.822% interest Unit 3, Level 2, Simcoe Condominium Plan No. 32 Township of Mara County of Simcoe <i>WEEK 11</i></p>	
<p>(6) This Document Contains (a) Redescription New Easement Plan/Sketch <input type="checkbox"/> (b) Schedule for: Description <input type="checkbox"/> Additional Parties <input type="checkbox"/> Other <input checked="" type="checkbox"/> (7) Interest/estate Charged Fee Simple</p>		<p>(8) Standard Charge Terms — The parties agree to be bound by the provisions in Standard Charge Terms filed as number 851 and the Charge(s) hereby acknowledge(s) receipt of a copy of these terms.</p>	
<p>(a) Payment Provisions (a) Principal Amount \$ 1500.00 (b) Interest Rate 12 % per annum (c) Calculation Period half-yearly</p>		<p>(d) Interest Adjustment Date 1985 05 17 (e) Payment Date and Period 17th monthly (f) First Payment Date 1985 06 17</p>	
<p>(g) Last Payment Date 1986 10 17 (h) Amount of Each Payment Ninety-one 28/100 Dollars \$ 91.28</p>		<p>(i) Balance Due Date 1986 11 17 (j) Insurance Full insurable value Dollars \$</p>	
<p>(10) Additional Provisions</p> <p>Provided that the Chargor when not in default hereunder shall have the privilege of prepaying any amount of principal hereby secured at any time without notice or bonus.</p> <p style="text-align: right;">Continued on Schedule <input type="checkbox"/></p>			
<p>(11) Charge(s) The chargor hereby charges the land to the chargee and certifies that the chargor is at least eighteen years old and that the property being charged has never been occupied by me and my spouse as our matrimonial home.</p> <p>The charge(s) acknowledge(s) receipt of a true copy of this charge.</p> <p>Name(s) <i>SHIER, Helen</i> Signature(s) <i>[Signature]</i> Date of Signature 1985 05 04</p>			
<p>(12) Spouse(s) of Charge(s) I hereby consent to this transaction.</p> <p>Name(s) Signature(s) <i>[Signature]</i> Date of Signature 1985 05 04</p>			
<p>(13) Charge(s) Address for Service</p> <p>11 Millmere Drive, Scarborough, Ontario. M1G 2A5 day of <i>June</i> 20/11</p>			
<p>(14) Charge(s)</p> <p>KIDDELL, James <i>[Signature]</i></p> <p>KIDDELL, Natalie</p> <p>on joint account</p> <p style="text-align: right;">A COMMISSIONER FOR TAKING AFFIDAVITS</p>			
<p>(15) Charge(s) Address for Service</p> <p>208 LaRose Avenue, Weston, Ontario. M9P 1B5</p>			
<p>(16) Assessment Roll Number of Property</p> <p>City: Mun. Map Sub. Par. 43. 48 000 009 69832 0000</p>		<p>(17) Municipal Address of Property</p> <p>Suite 205, 1 Poplar Crescent, Lagoon City, Ontario.</p>	
<p>(18) Document Prepared by</p> <p>Michael E. Reed KENNY, BIGELOW & REED, Barristers, etc., Box 1210, 23 Owen Street, BARRIE, Ontario. L4M 5E2</p>		<p>Page</p> <p>Registration Fee 16 00</p> <p>Total 16 00</p>	

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Schedule to Charge
Between

Hls Shier in favour of
James Albert Kiddell and
Natalie Kiddell
Unit 3, Level 2, Sincos Condominium Plan No. 2
Township of Meara, County of Simcoe

LAKEN CITY MANAGEMENT SERVICES LTD.
THE UNDERSIGNED HEREBY CONSENTS TO

THE WITHIN INSTRUMENT

DATED THIS 27th DAY OF June 1985

by [Signature]
APPOINTED SIGNING OFFICER.

Charge/Mortgage of Land

Form 2 — Land Registration Reform Act

GVE & DUBOIS CO. INC.
Form No. 975

BK.

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<div>FOR OFFICE USE ONLY</div> <div>276492</div> <div>NEW PROPERTY IDENTIFIED BY REGENT REFINANCING SIMCOE (5) BARBIE</div> <div>95 02 15 15 30</div> <div>REGISTRAR</div> <div>Additional See Schedule <input type="checkbox"/></div>	(1) Registry <input type="checkbox"/> Land Titles <input checked="" type="checkbox"/>	(2) Page 1 of 2 pages PP
	(3) Property Identifier(s) Block Property	Additional See Schedule <input type="checkbox"/>
	(4) Principal Amount FIVE THOUSAND Dollars \$ 5,000.00	
	(5) Description Unit 20, Level 2, BARBIE Week 38, Simcoe Condominium Plan No. 32 TOWNSHIP OF RAMARA in the county of SIMCOE	
	(6) This Document Contains (a) Redescription New Easement Plan/Sketch <input type="checkbox"/> (b) Schedule for: Description <input type="checkbox"/> Additional Parties <input type="checkbox"/> Other <input type="checkbox"/> (7) Interest/Estate Charged Fee Simple T SA TO AG-UNDIVIDED 203076	
(8) Standard Charge Terms — The parties agree to be bound by the provisions in Standard Charge Terms filed as number 911 and the Chargo(s) hereby acknowledge(s) receipt of a copy of these terms.		
(9) Payment Provisions		
(a) Principal Amount \$ 5,000.00		(b) Interest Rate NIL % per annum
(c) Calculation Period annually		
(d) Interest Adjustment Date 1991 07 02	(e) Payment Date and Period NIL	(f) First Payment Date 1999 07 02
(g) Last Payment Date 1999 07 02	(h) Amount of Each Payment NIL	Dollars \$
(i) Balance Due Date 1999 07 02	(j) Insurance full replacement value	Dollars \$
(10) Additional Provisions		
(11) Chargo(s) The chargo hereby charges the land to the chargee and certifies that the chargo is at least eighteen years old and that I AM NOT A SPOUSE		
The chargo(s) acknowledge(s) receipt of a true copy of this charge.		
Name(s) VICKERY, Robert JAMES (Mortgagor)		Date of Signature 1991 07 02
Signature Robert J. Vickery		
(12) Spouse(s) of Chargo(s) I hereby consent to this transaction		
Name(s) This is Exhibit N referred to in affidavit of Mr. Lawrence		
Signature		
(13) Chargo(s) Address for Service 204-10 Peter St., N, Orillia Ontario sworn before me, this 17 day of Dec 20 11		
(14) Chargee(s) VICKERY, Violetta Lucy (Mortgagee)		
Signature		
A COMMISSIONER FOR TAKING AFFIDAVITS		
(15) Chargee(s) Address for Service 373 CHURCHILL ROAD, APT. #3, PRESCOTT, ONTARIO. K0E 1T0		
(16) Assessment Roll Number of Property City: Mun: Map: Sub: Par: 43 48 000 009 69849		
(17) Municipal Address of Property 1 POPLAR CRESCENT, LAGOON CITY, R.R. #1, BRECHIN, ONTARIO. L0K 1B0		
(18) Document Prepared by: Goedemondt Real Estate Limited 33 Essa Road, Barrie, Ontario L4N 3K4		
Fees		
Registration Fee 50		
Total 50		

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Additional Property Identifier(s) and/or Other Information

MANAGER'S CONSENT

Pursuant to Section 9 of the Declaration, Article XV of the Time Sharing Agreement and the restrictions registered against the title to the Unit under Section 128 of the Land Titles Act, the Manager, in consideration of the representations and agreement in Article II hereof, hereby consents to the sale/transfer of the Undivided interest as herein set out and agrees to provide such further assurance of such consent as may be necessary.

HARBOR LAGOON MANAGEMENT
INC



Bruce Lee, Manager

I HAVE AUTHORITY TO BIND
THE COMPANY

FOR OFFICE
USE ONLY

Court File No.:

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at Barrie

AFFIDAVIT OF MINA LAWRENCE
(sworn December 19, 2011)

Patrick Lassaline
LSUC Number: 32935H
LEWIS DOWNEY TORNOSKY
LASSALINE & TIMPANO
Professional Corporation
Barristers & Solicitors
77 Coldwater Street East
Orillia, Ontario
L3V 1W6
Tel. (705) 327-2600
Fax. (705) 327-7532
Lawyers for the Applicant