

SCHOOL DISTRICT 63 (SAANICH)

FINANCE, FACILITIES AND TECHNOLOGY COMMITTEE

Agenda

Committee Members: Trustee Martin, Chair
Trustee McMurphy
Trustee VanWell
Jason Reid, Secretary-Treasurer
Dave Eberwein, Superintendent of Schools
Rob Lumb, Director of Facilities
Megan Cimaglia, Director of Finance
Cody Henschel, Director of Information Technology

October 6, 2020

10:30 am

A. PRESENTATIONS AND QUESTIONS

No Items.

B. ITEMS FOR DISCUSSION

No Items.

C. ITEMS FOR RECOMMENDATION

1. Prospect Lake Site Plan

Staff Recommendation:

That the Board authorize signature of the Prospect Lake Elementary School Parking Lot Design and Construction Cost Share Agreement.

2. Future of Business Company – deferred from September

Staff Recommendation:

That the decision regarding possible dissolution of the business company be deferred until September 2021, or at an earlier date if the implications of dissolution can be clearly understood.

3. CDC Right of Way

Staff Recommendation:

That the Board approve granting a statutory right-of-way on the Children's Development Centre site related to construction of a sidewalk along Alderley Road.

4. White Road Property

Staff Recommendation:

That the Board approve submission of a funding application to the BC Childcare New Spaces Fund to develop a Nature Based Early Learning Centre on the White Road Property.

D. ITEMS FOR INFORMATION

1. Report from Business Company AGM – deferred from September
2. Update on Enrolment & Funding – oral report

E. FUTURE AGENDA ITEMS

1. Final Enrolment & Funding – November
2. Catchment Boundary Review – November
3. 2021/22 Budget Guiding Principles & Timelines/Process – November
4. Energy Management Presentation – November
5. Statement of Financial Information (SOFI) – November

To: Finance, Facilities & Technology Committee

Prepared By: Jason Reid

Subject: Prospect Lake Elementary Site Planning

Date: September 28, 2020

Purpose and Background

The purpose of this briefing note is to report on planning and consultation work to date, and to recommend that the Board approve entering into an agreement with the District of Saanich (Saanich) for design and construction of a new parking lot on the Prospect Lake Elementary site.

In December 2019, the Board passed the following two motions:

1. *“That staff be directed to continue discussions with the District of Saanich regarding construction of a new parking lot on the Prospect Lake Elementary site, including plug-ins for electric vehicles, and agreement for shared use of the parking lot and the District of Saanich’s playfield; and provision of bike lanes.”*
2. *“That staff be directed to consult with the Prospect Lake Elementary school community regarding plans for the site including: school expansion; construction of a new parking lot; shared use of the parking lot and the District of Saanich’s playfield; and environmental alternatives to car transportation.”*

Additional background on site planning for Prospect Lake Elementary can be found in the January 2020 Finance, Facilities and Technology committee package.

Results of Planning and Consultation to Date

District staff met with Prospect Lake Staff and with the Prospect Lake PAC in January 2020 to discuss plans for the site, alternatives to car transportation, and to request feedback.

Overall staff were supportive of the parking expansion and understood the need for it. The primary concern expressed by staff relates to configuration of the parking lots. In the discussion, I noted that because the existing parking lot has both an entrance and exit we expected optimal configuration would likely reflect improving traffic flow and pick-up/drop-off capacity in the main lot by moving staff parking into the new lot. A number of staff expressed concerns with moving staff parking further from the school. In September 2020, I followed up with school administration who confirmed the school supports the parking expansion, but staff do have concerns with how the parking lots will be configured.

As planning progresses, we will evaluate options for configuring parking in consultation with the school. Parking configuration does not affect the overall parking lot design or the proposed agreement with Saanich (discussed below).

Parents at the January 2020 PAC meeting were supportive of the project and agreed that more parking and improved traffic flow are priorities. Parents noted that practical alternatives to car transportation were not available due to the rural location of the school, poor pedestrian access, and a lack of street parking near the school. Several parents had questions and comments regarding how to improve traffic flow and, subsequent to the meeting, emails were received from two parents related to traffic flow options (included in attachment 1).

Over the past several years, school administration have led initiatives to improve safety including communicating the proper use of drop-off lanes and encouraging alternatives ways to get to school. The school organized walks from Whitehead Park (where parking is available), encouraged bus ridership, and were involved with the CRD Active and Safe Routes to School Program (which in turn consulted with Saanich regarding the need for better sidewalks and paths). Encouraging participation in alternatives means of transportation has been challenging, in part, due to the distance of alternate parking locations in the community and poor pedestrian access to the school. The road improvements planned by Saanich (discussed below) will make alternative transportation easier and safer for families.

In January 2020, letters were sent to surrounding properties and to the Prospect Lake District Community Association. I was contacted by the owner (Ross Meeks - by phone) and the tenant (by email – included in attachment 1) of the property that shares the school's western property line. The concerns raised related to impact on drainage and other potential impacts of the parking lot (lighting, privacy, safety, theft, vandalism and trespassing).

In late February, Saanich advised that an application to the Agricultural Land Commission (ALC) would be necessary for both the planned addition of portable classrooms and for the planned parking expansion. On March 11, 2020, the district submitted an application to add up to two (2) portable classrooms to the site and to expand parking. Before consideration by the ALC, the application was first reviewed by Saanich and a staff report was presented to the July 13, 2020 Special Council meeting ([link to agenda and materials](#)). The materials included correspondence from two neighbours who acknowledged existing issues with traffic and parking, but expressed concerns with the planned parking lot. These concerns included impact on drainage and use of the parking lot outside school hours (security). Staff confirmed they would work with the school district to ensure storm water management requirements are met and school district staff confirmed a gate would be installed to manage access. At the meeting, Saanich council approved forwarding the application to the ALC with a recommendation for approval. ([link to minutes](#)).

The application proposing the addition of two portables and expansion of parking was approved by the ALC without modification¹, and one additional portable classroom was installed at the school for September 2020.

Road Improvements and Proposed Parking Lot Expansion

Roadway upgrades planned by Saanich ([link to recent technical memo](#)) will improve pedestrian access and provide better alternatives to vehicle transportation. This includes sidewalks extending from the school to the Prospect Lake Community Centre and a bike path from the school connecting to the Interurban trail system. However, these changes also mean there will be a significant reduction in available street parking. The report from the Saanich's community house noted that "residents felt very strongly about providing additional parking at Prospect Lake Elementary School ...".

Even with the planned parking expansion, it is expected that peak period traffic will continue to be a challenge. The school will continue to encourage parents to use alternative means of transportation, and the planned roadwork improvements will facilitate safer access to the school for pedestrians and by bike.

To address the concerns of the school and community, Saanich and the district staff have continued discussions regarding construction of a new parking lot on the Prospect Lake Elementary site. A cost share agreement has been drafted outlining the responsibilities of each party (see attachment 2). Under this agreement, design and construction of the parking lot will be included within the overall intersection/road upgrade project and the school district will pay for the additional cost of constructing the parking lot. Saanich will fund the cost of the driveway letdown to the parking lot and will pay for permits required, other than the storm water development permit. The approved Annual Facilities Grant (AFG) plan for 2020/21 includes an allocation of \$200,000 to fund the district's estimated share of the cost.

Under the agreement, the district will approve the design of the parking lot before Saanich proceeds with procurement. The design of the parking lot will need to meet Saanich's storm water management requirements, which includes water runoff controls that replicate the natural runoff regime. The controls could include on-site infiltration, storage in ponds or constructed wetlands, sand filtration and creative road/curb configurations. The district will consult with neighbours as the parking lot design progresses, and specifically in relation to the concerns raised related to drainage.

The addition of plug-ins for electric vehicles was discussed with Saanich. As Saanich does not have an interest in including vehicle plug-ins for the community, the district would need to fund 100% of the cost (estimate per dual car station: \$15,000 to \$20,000; plus the cost of electricity).

¹ The ALC considered the proposed addition of 2 portables and the proposed parking expansion separately. The proposal to add 2 portables was approved on July 29, 2020 and the proposal to expand parking was approved on September 29, 2020. The decision packages and related materials are available on the ALC website by searching for application ID 60578.

As the addition of electric vehicle plug-ins would be a cost to the district that does not directly support the facilities needs of the school, my recommendation is that plug-ins for electric vehicles not be included in school parking lots.

Saanich has advised they are beginning design work in the fall, and if the agreement is signed later than October, additional design/engineering costs may result. Based on the results of our consultations to date, I recommend that the Board approve entering into the agreement at this time.

Shared Use of Playfield

Saanich and the school district have an existing master joint use agreement (last updated July 2005) that provides each party priority access to the other's facilities over other community groups. Under the agreement, the owner has priority over either party to the agreement. Saanich agrees that under terms of the existing agreement, the school will have priority access to the field during the day over the community. Community members using the tennis courts and field often park in the school parking lot, and often during the school day. Community use of school parking will likely increase with a reduction to available street parking, which could become problematic if community members park in the school lot during the school day.

The district and Saanich are discussing shared use of parking and the playfield, and if necessary a supplemental shared use agreement may be drafted.

Staff Recommendation

That the Board authorize signature of the Prospect Lake Elementary School Parking Lot Design and Construction Cost Share Agreement.

With Respect,



Jason Reid
Secretary Treasurer

JR/klg

Attachments: 1 – Community Feedback Received
2 – Parking Lot Design and Construction Cost Share Agreement

Jason Reid

From: Brian/Sheri Ramsay [REDACTED]
Sent: January 23, 2020 9:41 PM
To: Jason Reid
Subject: Thank You

Follow Up Flag: Follow up
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Hi Jason, thank you for attending the meeting at Prospect Lake School tonight and speaking on behalf of the safety and concern of the children, staff, and members of the community. I have to say you spoke to it very well and I know it has been a ton of work and thank you for your time. I don't have anything to add to the design, definitely not my expertise, but I am sure the project will change and there will be more work ahead. The one lady made a valid point about the in and out of the parking lot and keeping as many spaces as possible in the current lot. With you speaking to us it showed that you are on board with making it the very best within your parameters and will look into this, another relief. Change is always hard, but with what I see currently we have several safe options at our disposal brought forth by the District of Saanich, The School District, and the school itself. Our small community has had so much worry about our youth and community members, the infrastructure, the intersection, the school congestion, and the parking was a constant concern and now with things falling into place we can breathe a sigh of relief. If you look back and see how many people worked on behalf of other people to make things better this whole project is quite an amazing undertaking. Thank you to you and your group for putting all you can into this project. You are doing a wonderful thing,

best regards,

Sheri Ramsay

Attachment 1 - Community Feedback Received

Jason Reid

From: Brian/Sheri Ramsay [REDACTED]
Sent: January 24, 2020 1:26 PM
To: Jason Reid; Jason Reid
Subject: Prospect Lake Parking Lot Proposal
Attachments: Propect Lake Parking Lot Proposal - Final.docx; prospect lake.JPG

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Hi Jason, my apologies it is a bit of a long one. I was thinking into last night and had time to think about other peoples new concerns along with mine. If you wouldn't mind reading my thoughts, they are enclosed. I have also added it as a word doc. for ease if it is something that you are interested in and forwarding on.

thank you very much for your time, concern, and work on this project,

Sheri Ramsay
[REDACTED]

One of the main concerns in this community project has been the buses and congestion caused in the drop/off pick up area of the Prospect Lake School parking lot. In the School Districts proposals, it talked of an additional lane being added within the existing parking lot at the expense of removing a number of parking spots. This as you can appreciate has again been a cause for concern as the focus remains to increase the parking availability while increasing the safety measures for the children

As the buses only remain in the parking lot for a short period of time, a time however with the most amount of traffic congestion, is it possible to find an alternate solution for where the buses would park during that pickup and drop off time? The plan to date has indicated that the sidewalks and infrastructure to the school would be greatly improved. What if we allowed the buses to park, pick-up and drop off at the right curved side of the current exit in a parallel style? They could pull through and park in their designated spots, not creating additional congestion, while also improving safety for all during these twice daily events. Already being the main parking area, with a few minor adjustments to the exit, these new designated bus parking spots would have the potential to not touch any green space.

The benefits to this suggestion would be twofold. First, the new sidewalk would allow the children to enter/exit the bus from the sidewalk and not into a parking lot. Secondly, the buses would be removed from the traffic flow with the drivers not having to peer around to see children at the crosswalk or oncoming traffic from the roundabout. In addition, this would also create a better flow for the drop off/pick up lane.

These changes would not be much of an adjustment to the children from the current system as they would just have to walk a few steps farther, but those steps would be much safer on the completed sidewalk. The present system has the children line up on the wall and exit halfway into the parking lot and onto the bus. This new concept would now have them cross at the marked crosswalk onto a curbed sidewalk and right onto the bus.

After the loading and unloading of the children, the buses would then proceed right on to Prospect Lake Road with minimal obstruction.

This proposal would allow the current parking lot to remain stats quo without a need for construction or any additional monetary expenses. Without the buses residing in the current drop off zone, cars would then enter the school parking lot off of Prospect Lake Road without the visual restrictions and additional children in or near the parking lot and active drop off lanes. The current system with the buses in the parking lot restricts access for the additional

Attachment 1 - Community Feedback Received

vehicles entering, only allowing 3+ plus cars in the lane which has traffic backing onto the road quite quickly. As I previously mentioned, the flow of the drop off traffic would dramatically increase with the buses not being part of this equation. Keeping the staff parking against the school would be optimal as once they are parked, they tend not to move until the end of the day.

I do believe that this concept would be a welcomed addition with minimal impact to what we currently have on the grounds. It would simply be designating the safest space for two buses on the curved side that is showing to be upgraded as demonstrated in the existing plans.

It was also discussed in this week meeting the concern of being “trapped” in the new west parking lot when that space becomes full. The concern was around not having the space to turnaround and having to back out onto Prospect if the lot is at capacity.

There have been many excellent proposed changes to our current school and community including;

- The additional infrastructure of sidewalks from Whitehead and Prospect Lake Community Hall
- The upgrade of the intersection
- The bus system
- The CRD path
- The additional west parking lot
- The school’s morning and afternoon watch to allow parents a later or early pickup/drop off

These are all great examples of improving our school and community for the betterment and safety of all. I am confident the above proposal, designated spaces for the buses, only increases this great work being done and will reduce additional risk of injury and safety concerns to all.

Please feel free to contact myself for clarification or I can also meet you at the school to explain, if it is something that you can see as working.

District of Saanich Map



New Parking lot
How do you get out if full?

311

321

No change

No change

No change

* Bus Parking *

Prospect Lake Elementary School

E RD

Attachment 1 - Community Feedback Received

Jason Reid

From: L and C Brandon [REDACTED]
Sent: February 12, 2020 4:06 PM
To: Jason Reid
Subject: Prospect Lake parking
Attachments: image0.jpeg; ATT00001.txt

Follow Up Flag: Flag for follow up
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Hi Jason

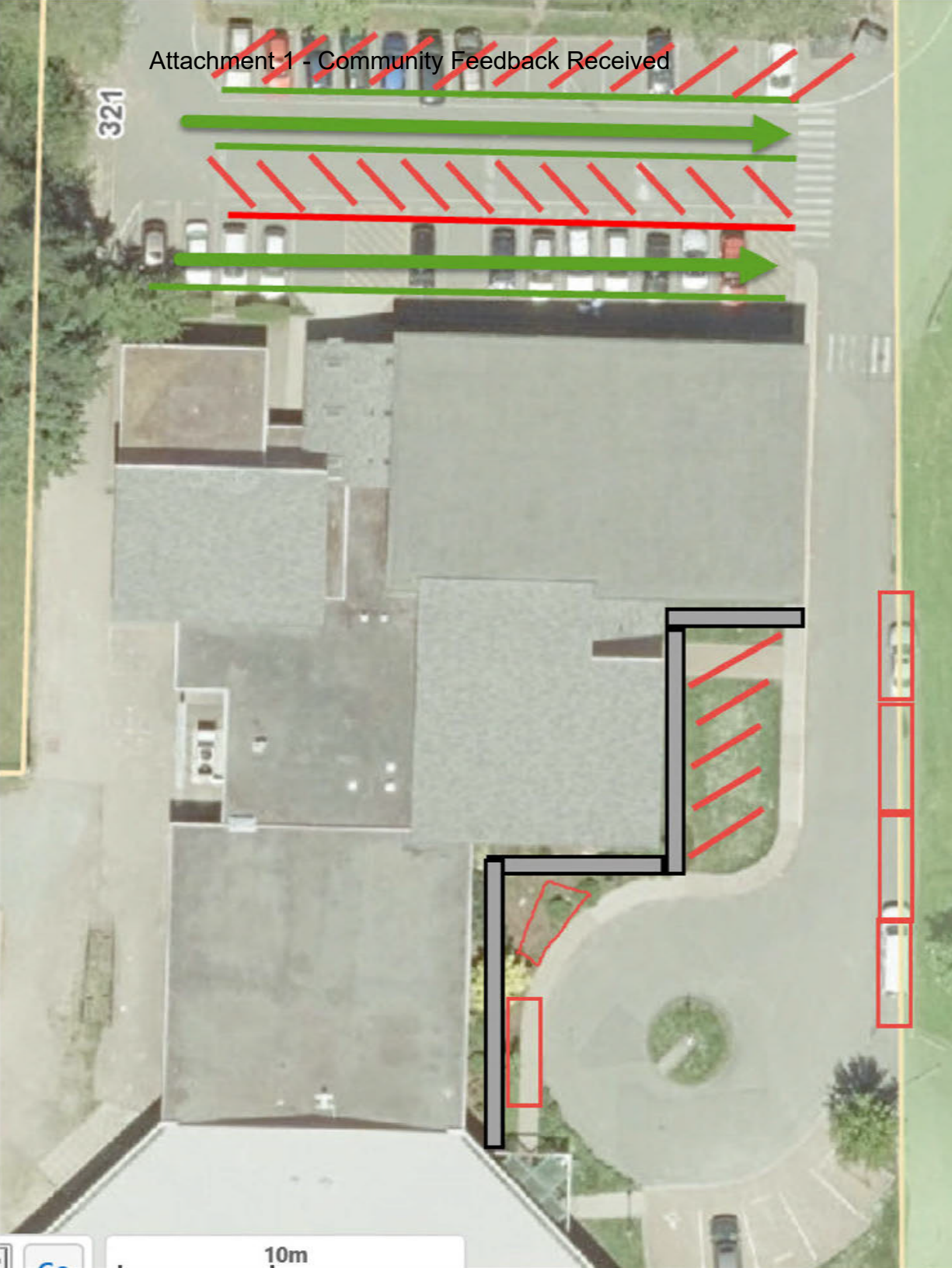
I was one of the parents at the prospect lake PAC meeting the other week. I want to make sure that the feedback regarding the traffic flow on the proposed extra parking lot does get brought forward.

I also have some suggestions for modifications to the current parking lot that would help alleviate some of the chaos and frustration that parents feel. I have attached a diagram to help you visualize some of my suggestions. The biggest change that would help with traffic flow in the currently very tight parking lot would be to change to angled parking rather than parking stalls on a 90° from the travel lane. This would allow vehicles to exit the parking spots even when the buses are in the bus lane. Currently if the school buses are parked in the lane you cannot reverse out of the 90° parking stalls as there is not enough room. This clogs up the flow of traffic through the parking lot as many of the parking spots are taken up with parents waiting to leave. If the stalls were angled those parents could have vacated the parking lot to allow other parents to park.

Thank you for taking the time to consider my suggestions, Lindsay Brandon
[REDACTED]

Attachment 1 - Community Feedback Received

321



Angled visitor parking

Driving lane

Angled visitor parking

chain link fence between angled parking and bus lane to prevent cars from entering bus lane.

Drop off and bus lane

New location of sidewalk

Angled visitor parking

defined and marked visitor parking spots

10m

Jason Reid

From: Mc Beet [REDACTED]
Sent: March 5, 2020 6:18 PM
To: Jason Reid
Subject: prospect plans

Follow Up Flag: Follow up
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Hello Jason,

We are the certified organic farmers who neighbour Prospect Lake Elementary school. The address is [REDACTED] Prospect Lake Rd. We have read the parking lot expansion plans and are very concerned about what this means for our organic farm, the natural ecosystem and our livelihood. I'm not sure if you are the correct person to contact about this but are the only contact I could find..

We would like to know the drainage plans for the proposed parking lot. At the moment the amount of runoff that comes from the slope of the school yard is very intense for us, and we can't imagine the grass being replaced with asphalt. In addition to the water drainage issue we are very concerned about pollution from the construction, asphalt, and future vehicle use. What is the Saanich plan to address the negative impact to the surrounding area, water table, ecosystem and neighbouring food producers. One other concern, we noticed the parking lot proposal is for community use outside school hours. Currently there is a generic 4ft chain link fence between the school and neighbouring properties. This does not seem adequate if the parking lot will be multiuse. What are the plans to address privacy and safety of neighbouring properties specifically our farm. We are concern about theft, vandalism, and trespassing.

Any insight or direction is helpful.

Thank you,
Emily and Paul
Littlest Acre Organics

Attachment 2 - Parking Lot Design and Construction Cost Share Agreement

PROSPECT LAKE ELEMENTARY SCHOOL PARKING LOT DESIGN AND CONSTRUCTION COST SHARE AGREEMENT

Made in duplicate this _____ day of _____, 2020.

BETWEEN:

**THE CORPORATION OF THE
DISTRICT OF SAANICH**
770 Vernon Avenue
Victoria, British Columbia V8X 2W7

(herein called "Saanich")

AND:

**THE BOARD OF SCHOOL TRUSTEES
OF SCHOOL DISTRICT NO. 63 (SAANICH)**
2125 Keating Cross Rd
Saanichton, British Columbia V8M 2A5

(herein called the "School District")

(collectively the "**Parties**")

WHEREAS the area close to West Saanich – Prospect Lake/Sparton intersection has limited parking opportunities and high demand for parking from different businesses, Prospect Lake Elementary School (the "School"), and Prospect Lake Park (the "Park") users;

AND WHEREAS Saanich and the School District desire to improve current parking situation in the area by providing a separate parking lot for School staff;

AND WHEREAS Saanich intends to contract to improve the intersection of Prospect Lake Spartan West Saanich Road and sidewalks on Prospect Lake Road and Spartan Road, and is willing to add construction of a parking lot on School property (321 Prospect Lake Road) to that contract, provided that the School District pay the additional cost associated with doing so;

NOW THEREFORE in consideration of the mutual covenants and agreements herein, the parties hereto covenant and agree as follows:

1. Definitions

"Administrative Fee" means the administrative fee specified in section 3.1(b) of this Agreement;

"Agreement" means this agreement between the School District and the District of Saanich.

"Construction Contract" means a contract between Saanich and a contractor for construction of the Project;

"Project" means Saanich's project to construct sidewalk upgrades and an intersection upgrade at Prospect Lake Road and Spartan Road;

Attachment 2 - Parking Lot Design and Construction Cost Share Agreement

“Parking Lot” means a parking lot on School property as shown on the plan attached as Appendix 1 to this Agreement;

“Parking Lot Construction Costs” means all costs of constructing the Parking Lot, whether under the Construction Contract, through Saanich’s own forces, or otherwise;

“Procurement Process” means a request for proposals or an invitation to tender to construct the Project, with construction of the Parking Lot as an additional item;

2. Design and Procurement of the Parking Lot

- 2.1 Prior to proceeding with a Procurement Process for construction of the Project, Saanich shall obtain the School District’s consent for approval of the design of the Parking Lot, not to be unreasonably withheld. If the School District does not approve of the design of the Parking Lot, Saanich may proceed with the construction of the Project without any further obligation to construct or procure the construction of the Parking Lot, and the Parties’ obligations under this Agreement will be at an end.
- 2.2 If the School District approves of the design of the Parking Lot, Saanich shall proceed with a Procurement Process for the Project that includes construction of the Parking Lot as an additional item. Saanich shall consult with the School District on the terms of the Procurement Process prior to issuance. However, Saanich’s discretion regarding the terms of the Procurement Process shall not be fettered by this consultation.
- 2.3 Saanich shall also provide the School District with a copy of its proposed contract for the Project and the Parking Lot, which shall be based on the MMCD Platinum Edition, for the School District’s approval, not to be unreasonably withheld. Without limiting the generality of the foregoing, Saanich shall ensure that the contract contains the following provisions:
 - (a) Standard MMCD insurance provisions with Saanich and School District named as additional insureds;
 - (b) Include performance security for the Project and the Parking Lot;
 - (c) That the agreement is conditional upon the permits and approvals listed in section 3.2 of this Agreement being granted;
 - (d) A requirement to create a traffic management plan; and
 - (e) A requirement to create a communication plan regarding the Project and Parking Lot, including consultation and communication with local residents, businesses and other stakeholders;
- 2.4 If the School District approves of the design of the Parking Lot and the proposed contract for the Parking Lot, it shall attend to applying for and obtaining the permits and approvals described in section 3.2 of this Agreement.
- 2.5 Saanich shall advise the School District of the proposal or tender, if any, that it intends to proceed with as a result of the Procurement Process, and provide the School District with a copy of the proposal or tender, as well as a copy of the contract for the Project and the Parking Lot.
- 2.6 The School District shall, within 5 working days, advise Saanich of whether it wants to

Attachment 2 - Parking Lot Design and Construction Cost Share Agreement

proceed with construction of the Parking Lot in accordance with the terms of the proposal or tender provided, and in accordance with the contract provided.

- 2.7 If the School District advises that it does not want to proceed with construction of the Parking Lot, the Parties' obligations under this Agreement will be at an end.

3. Project and Parking Lot Responsibility

School District Responsibilities

- 3.1 If the School District advises Saanich that it approves of construction of the Parking Lot in accordance with the terms of the contract and proposal or tender provided, the School District shall pay for:
- (a) all Parking Lot Construction Costs; and
 - (b) an administrative fee consisting of 18% of all Parking Lot Construction Costs (the "Administrative Fee").
- 3.2 The School District shall pay the Parking Lot Construction Costs and Administrative Fee to Saanich as follows:
- (a) Seventy (70) percent shall be due seven days from the date upon which Saanich advises the School District that paving of the Parking Lot is finished;
 - (b) Thirty (30) percent shall be due seven days from the date upon which Saanich advises the School District that the Project has achieved final acceptance.
- 3.3 In addition to its responsibility to pay the Parking Lot Construction Costs and the Administrative Fee, the School District shall be responsible for:
- (a) -Obtaining the storm water development permit required for construction of the Parking Lot, with the application fee to be paid by Saanich; and
 - (b) Obtaining and paying for any permissions required from the Agricultural Land Commission to lawfully construct and use the Parking Lot.
- 3.4 The School District shall make its best efforts to obtain the permits described in section 3.3 of this Agreement.

Saanich Responsibilities

- 3.5 Saanich shall pay for all construction work, including all labour and materials related to construction within any public right of way, including the costs of constructing the driveway letdown to the Parking Lot.
- 3.6 Saanich shall obtain and pay for any permits required from the District of Saanich for the Project or the Parking Lot, other than the storm water development permit.
- 3.7 Saanich shall not agree to any scope changes for the Construction Contract in an amount greater than five thousand (\$5,000.00) dollars that could affect any amount the School District is required to pay, or any permit that the School District is required to obtain, without first obtaining the School District's written consent, not to be unreasonably withheld. If Saanich

Attachment 2 - Parking Lot Design and Construction Cost Share Agreement

has provided the School District with notice of a proposed scope change in accordance with the notice provision contained in section 10 of this Agreement, and has received no reply from the School District, then the School District will be deemed to have accepted the change in scope.

- 3.8 Saanich shall not undertake any work to construct the Parking Lot with its own forces, and shall not authorize any work, that could affect any amount the School District is required to pay, or any permit that the School District is required to obtain, without first obtaining the School District's written consent, not to be unreasonably withheld.
- 3.9 Saanich shall administer the Construction Contract by.
- (a) Employ or designate a contract administrator to manage the day to day dealings with the Contractor and any consultants;
 - (b) Perform regular reviews during construction to determine whether the work, including traffic management and communication plan, is in conformance with the contract documents, and that required inspections are completed;
 - (c) Respond to the contractor's request for Information (RFI) during construction and issuing appropriate field instruction or field orders;
 - (d) Issue change orders, as applicable;
 - (e) track and report site instructions, change orders and force account work and ensure necessary approvals are obtained;
 - (f) Review and pay monthly progress certificates submitted by the contractor;
 - (g) Prepare regular project status reports, as well as regular budget reports;
 - (h) maintain an electronic file of change orders, field instructions, progress payments and similar documents that will be accessible to School District;
 - (i) Issue contract close out documents;
 - (j) prepare a deficiency list and schedule for completion; and
 - (k) certify substantial and total completion.
- 3.10 Saanich shall provide the School District with copies of all change orders, weekly reports and other documents which materially change the financial or physical scope of the work.

4. SD 63 Representative

- 4.1 The School District will appoint a representative for the Project and Parking Lot and that person will be given full access to all documents, letters, correspondence and other records related to the construction of the Parking Lot. School District's representative and/or any other School District employee is entitled to participate in all meetings involving the Project or the Parking Lot.
- 4.2 The School District's representative may attend regular Project budget meetings.

Attachment 2 - Parking Lot Design and Construction Cost Share Agreement

- 4.3 Saanich shall provide the School District's representative with copies of all budget reports on a monthly basis, or as requested, throughout the Project and Parking Lot construction.

5. Contractor Use of Parking Lot

- 5.1 The School District shall permit the Contractor to use the area where the Parking Lot is to be constructed as a laydown area for staging and material storage as needed, during construction of the Project and the Parking Lot, and agrees to enter into a contract with the Contractor permitting same.
- 5.2 The School District agrees to release and forever discharge Saanich of and from any and all claims, causes of action, suits, demands, fines, penalties, costs or expenses or legal fees whatsoever which the School District can or may have against Saanich for any loss or damage or injury, including economic loss, that the School District may sustain or suffer arising out of or connected with the Contractor's use of the School property as a laydown area.

6. Liability and Warranty Claims

- 6.1 While Saanich is responsible for administering the Construction Contract, it makes no representations or warranties regarding the work to be performed by the contractor pursuant to the Construction Contract.
- 6.2 If Saanich becomes aware of any defect or deficiency in the construction of the Parking Lot while administering the Construction Contract, including during the warranty period, it shall take all reasonable steps under the Construction Contract to require the contractor to remedy any defect or deficiency.
- 6.3 The Parties shall work together to resolve all claims, including warranty and deficiency items, under the Project.

7. Term of the Agreement

- 7.1 This Agreement will be in effect for the duration of the Project scheduled for completion no later than March 31, 2022 or any later date resulting from delays to the completion of the Construction Contract outside the control of Saanich.

8. Dispute Resolution

- 8.1 If a dispute arises out of, or in connection with this agreement, and the Parties do not resolve some or all of the dispute through discussions then:
- 8.2 Either Party may provide to the other written notice containing a request to negotiate. This notice shall be given promptly in order to prevent further damages resulting from delay and shall specify the issues in dispute.
- 8.3 If the Parties do not resolve some or all of the issues in dispute within 30 days from the notice to commence negotiations, the Parties agree to attempt to resolve those issues through

Attachment 2 - Parking Lot Design and Construction Cost Share Agreement

mediation.

- 8.4 The Parties agree to jointly select a mediator. If they are unable to do so, then a mediator will be chosen, upon application by the Parties, by the ADR Institute of Canada, Inc. The dispute shall be mediated pursuant to the National Mediation rules of the ADR Institute of Canada Inc. The place of the mediation shall be Victoria, British Columbia.
- 8.5 All information exchanged during the negotiation and mediation processes shall be regarded as "without prejudice" communications for the purposes of settlement negotiations and shall be treated as confidential by the Parties and their representatives unless otherwise required by law. However, evidence that is independently admissible or discoverable shall not be rendered inadmissible or non-discoverable by virtue of its use during negotiation or mediation.
- 8.6 The Parties agree that the representatives selected to participate in the dispute resolution process will have the authority required to resolve the dispute, or will have a rapid means of obtaining the requisite authorization.
- 8.7 The Parties agree that they will each be responsible for the costs of their own legal counsel and personal travel. Fees and expenses of the mediator and all administrative costs of the mediation, such as the cost of a meeting room, if any, shall be borne equally by the Parties.
- 8.8 If within 30 days of the appointment of the mediator, the Parties do not resolve some or all of the issues in dispute, the Parties shall submit those issues in dispute to binding arbitration through the British Columbia International Commercial Arbitration Centre. The place of the arbitration shall be Victoria, British Columbia.

9. Relationship of the Parties

Nothing in this Agreement shall be construed so as to make the School District a partner of Saanich or an owner of the Property for any purpose, including the *Builders Lien Act*, until the completion of the purchase and sale on the Closing Date, and Saanich shall indemnify and save the School District harmless from any and all costs, expenses, damages, claims, or liabilities which may be incurred with respect to the Property before the Closing Date which the School District is not obligated to assume under this Agreement, and this provision shall survive the Closing Date or the termination of this Agreement.

10. Notices

- i. Each notice sent pursuant to this Agreement ("**Notice**") shall be in writing and shall be sent to the relevant Party at the relevant address, or e-mail address set out below. Each such Notice may be sent by registered mail, by commercial courier, or by electronic mail.
- ii. The Contact Information for the parties is:

[P1]	[P2]

Attachment 2 - Parking Lot Design and Construction Cost Share Agreement

<i>[incl. email address – ensure long-standing address for contracts of long duration]</i>	

- iii. Each Notice sent by electronic mail ("E-Mail Notice") must show the e-mail address of the sender, the name or e-mail address of the recipient, and the date and time of transmission, must be fully accessible by the recipient.
- iv. Subject to S. 10 (v) through (vi) each Notice shall be deemed to have been given or made at the following times:
 - 1. if delivered to the address (including by commercial courier), on the day the Notice is delivered;
 - 2. if sent by registered mail, seven (7) days following the date of such mailing by sender; or
 - 3. if sent by electronic mail, on the date the E-Mail Notice is sent electronically by e-mail by the sender.
- v. If a Notice is delivered or sent by electronic mail after 4:00 p.m., or if the date of deemed receipt of a Notice falls upon a day that is not a Business Day, then the Notice shall be deemed to have been given or made on the next Business Day following.
- vi. If normal mail service or electronic mail is interrupted by strike, slow down, force majeure or other cause beyond the control of the parties, then a Notice sent by the impaired means of communication will not be deemed to be received until actually received, and the party sending the Notice shall utilize any other such services which have not been so interrupted or shall personally deliver such Notice in order to ensure prompt receipt thereof.
- vii. Each Party shall provide Notice to the other Party of any change of address, facsimile number, or e-mail address of such Party within a reasonable time of such change.

11. Further Assurances

Each of the parties shall, at the expense of the other party, execute and deliver all such further documents and do such further acts and things as the other party may reasonably request from time to time to give full effect to this Agreement.

12. Assignment

- 13.1 No party may assign its rights under this Agreement without the written consent of the other party.

Attachment 2 - Parking Lot Design and Construction Cost Share Agreement

13. Entire agreement

- 14.1 This Agreement constitutes the entire agreement between the parties with respect to the matters herein and may not be modified except by subsequent agreement in writing.

14. Interpretation

- 15.1 This Agreement shall be interpreted according to the laws of the Province of British Columbia.
- 15.2 Wherever the singular or masculine is used throughout this document, the same shall be construed as the plural or the feminine or neuter gender wherever the parties or the context so require.
- 15.3 In the event of a conflict between a provision in the body of this Agreement and a provision in a schedule to this Agreement, the provision in the body of this Agreement shall prevail to the extent of the conflict.

15. Time

Time is of the essence of this Agreement.

16. Binding Agreement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

Attachment 2 - Parking Lot Design and Construction Cost Share Agreement

IN WITNESSETH whereof, the parties hereto have executed this Agreement as of the date first written above.

**THE SEAL OF THE CORPORATION)
OF THE DISTRICT OF SAANICH was)
hereunto affixed in the presence of:)**

Authorized Signatory Administrator)

c/s

Authorized Signatory Clerk)

**THE SEAL OF THE BOARD OF)
SCHOOL TRUSTEES OF SCHOOL)
DISTRICT NO.63 (SAANICH))
was hereunto affixed in the)
presence of:)**

Authorized Signatory Administrator)

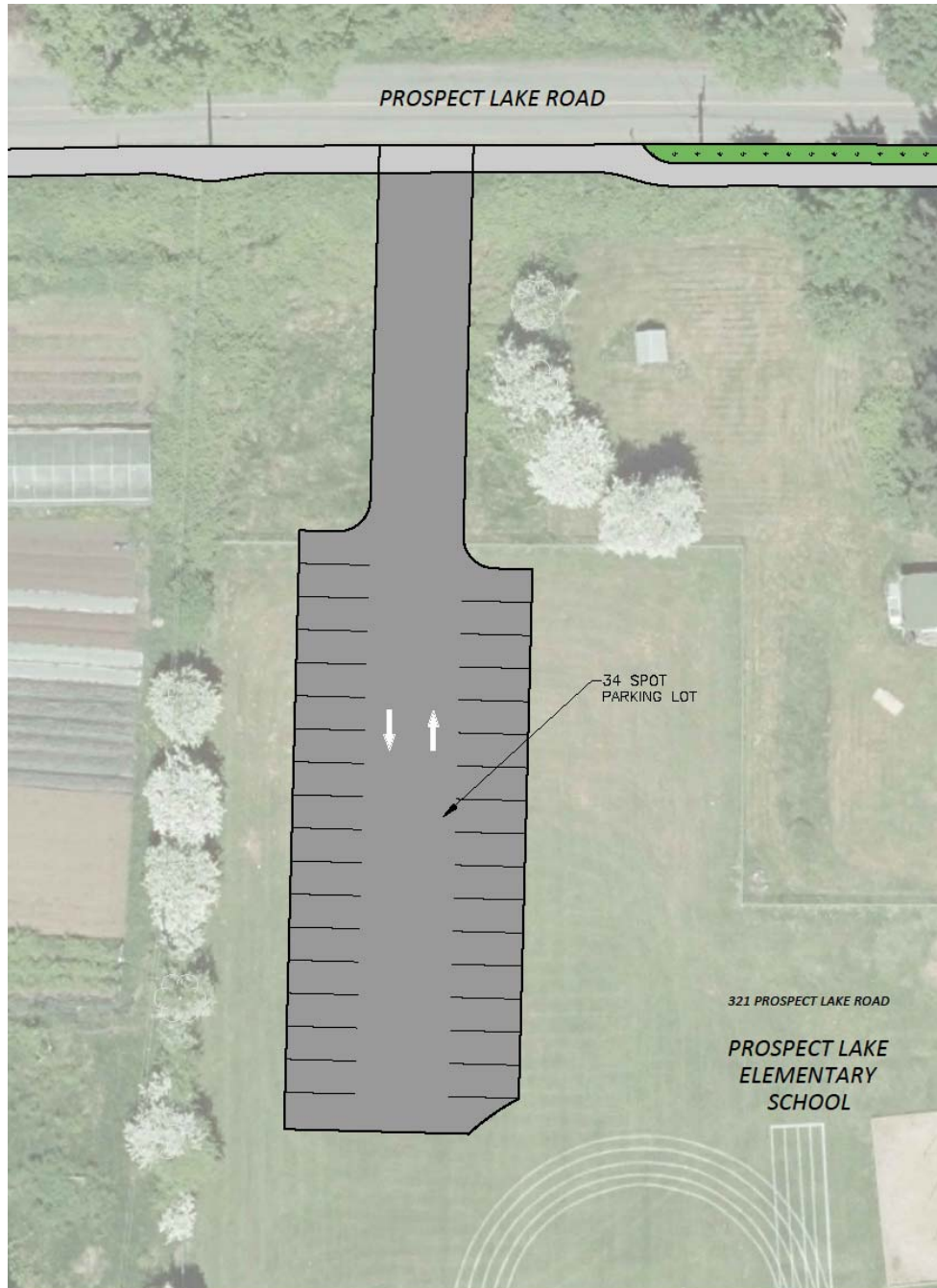
c/s

Authorized Signatory Clerk)

Attachment 2 - Parking Lot Design and Construction Cost Share Agreement

SCHOOL DISTRICT 63 AND THE DISTRICT OF THE MUNICIPALITY OF SAANICH
APPENDIX 1

CONCEPTUAL DRAWING FOR THE PARKING LOT



PARKING LOT CONCEPT DRAWING. FOR DISCUSSION ONLY.

To: Finance, Facilities and Technology Committee

Prepared By: Jason Reid

Subject: Future of the SD63 Business Company

Date: Sept 3, 2020

Purpose and Background

At the March 2020 regular meeting of the Board of Education the following motion was carried: *“That staff provide options and implications for the possible dissolution of the business company.”*

The School District No. 63 Business Company (Hold Co) and the following subsidiary operating companies were incorporated July 2012:

- Saanich International Distributed Learning Services Inc. (DL Co); and
- Saanich International Student Recruiting Services Inc. (SR Co)

The purpose of a school board business company (established under Part 6.1 of the School Act) is to allow school boards to carry on business outside of BC or beyond its statutory mandate. A business company allows a Board to carry on such activities indirectly, while shielding the school board and Province from potential legal activities arising from those activities.

DL Co began operations in the spring of 2014 as Online Learning Canada (OLC) and achieved positive cashflow by fiscal year 2015/16, and profit of \$20,788 on revenues of \$120,658 in fiscal year 2016/17. A significant component of revenue was the delivery of Distributed Learning (DL) courses for credit in Brazil. In the spring of 2018, the Ministry of Education revoked DL Co’s authorization to deliver Ministry courses outside of Canada pending a broader review of International Distance Education¹. As a result, the company incurred losses in fiscal years 2017/18 and 2018/19 due to revenue loss and refund of course fees. Following this, the operations of DL Co were limited to the delivery of two Board Authorized (BA) courses (ELL and Going to Canada) that focused on preparing international students for their arrival to attend school in Saanich. Based on expected enrolment in these courses, DL Co was expected to be financially sustainable (profitable), but continued to explore other opportunities to improve profitability.

Financial Results for 2019/20

As outlined in the 2019/20 annual report, DL Co pursued a number of opportunities to both enhance services for students entering SISP and to expand programs and improve profitability. However, as result of the pandemic DL Co was unable to generate

¹ In the spring of 2018, the Ministry’s advised that a broader review of International DL would be completed within a few months. This review has not been completed to date.

anticipated revenue and, after incurring a further loss of \$20,163, is now in a difficult financial situation. DL Co was unable to pay loan interest and ended the year with current liabilities exceeding cash on hand. This means that without improved revenues, the company will not be able to settle current obligations.

Options and Implications of Dissolution

To date the scope of the activities in the SD63 business company has been the delivery of DL outside of BC. Legal Counsel has confirmed that delivery of educational programs through DL outside of BC could, in other jurisdictions, be regarded as carrying on a business and should only be undertaken through a business company.

The potential benefits being able to deliver DL outside of BC include:

- The business company earns a profit that benefits the school district;
- The school district, through the activities of business company, is able to enhance the district's international student and other educational programs; and
- Enhancement of the school district's international program provides a competitive advantage that improves recruitment and profitability of the district program.

The business company is not profitable at this time and future profitability is uncertain (discussed further below). However, the development and delivery of the ELL and Going to Canada courses do benefit SISIP by providing a competitive enhancement when recruiting international students, and it benefits schools as international students are better prepared prior to their arrival. Therefore, while the operations of the business company have been a net cost to the district, there have also been program benefits. Given these benefits, if not for the legislative restrictions described, these may have otherwise been costs incurred directly by SISIP.

At this time, the federal government has not yet lifted the restrictions on study permits implemented last spring due to the pandemic. In response, the Ministry recently announced that districts could register international students for DL courses with the School District 73 (Kamloops) business company, which is currently the only school district business company authorized to deliver Ministry courses by DL outside of BC. This is intended to be a bridge before restrictions are eased; however, the significant tuition cost and capacity of the program means this is not an option for districts to bridge students on a large scale.

OLC currently offers two BA courses for credit (non-Ministry courses) and could possibly offer other BA courses. In the past few weeks, several BC school districts have made enquiries about enrolling their students in OLC courses in the fall and these discussions are continuing.

Within the K-12 sector, the impact of the global pandemic on international programs and the importance of having DL as an option has become a significant area of focus. And

the incongruity of only one school district business company being granted authority to deliver Ministry courses by DL outside of BC is in the spotlight.

At this time, OLC is delivering a service to SISP and possibly other school districts that is helping to mitigate the impact of travel restrictions on international student programs. With the evolving nature of the pandemic there is also the possibility that the scope of OLC's programming could be expanded to further mitigate the impact of the pandemic, which could persist for years.

As it is not possible to understand the implications of dissolution at this time, my recommendation is that a decision regarding dissolution be deferred to a future date.

Process for dissolution

Reflecting advice from legal council, the process for dissolution of the business companies is as follows:

1. DL Co would need to wind down operations as there are currently students enrolled in the two courses being offered.
2. DL Co, as the only operating company, would need to settle all of its liabilities including the loan balance with the school district. The amount that remained owing to the school district following application of available funds would need to be released and written off by the Board of Education prior to dissolution.
3. The three business companies distribute any remaining assets to its sole member, the Board of Education.
4. The Board of Education, as sole member of the Company, passes an ordinary resolution to dissolve each company. The process for dissolving each of the companies is the same; however, dissolution of the subsidiary companies is completed before dissolution of the holding company.
5. A director of each company swears in an affidavit that the company has no assets or liabilities and has passed a resolution to dissolve.
6. Each company files with the Registrar of Companies an application for dissolution.

Note that because the business companies are fully consolidated within the budget and financial statements of the school district, settlement of the net amount remaining owing to the school district will not affect the net financial results of the school district.

Potential Cost of Continued Operations

With limited operations, the base annual cost of operating the company is approximately \$25,000 (this includes \$5,600 in annual loan interest to the district). The estimated break-even point (revenues equal costs) reflecting variable course costs is enrollment of 20 students in each of the two courses currently being offered. As noted above, several

school districts have expressed an interest in enrolling their students at OLC, but at this time potential enrolment is uncertain.

If the companies ceased operations and settled liabilities (but were not dissolved), the annual statutory costs (audit and legal) of maintaining the corporate structure would likely be \$5,000 to \$7,000.

If the business company continues to incur an operating loss, ultimately this is a cost to the school district.

Staff Recommendation:

That decision regarding possible dissolution of the business company be deferred until September 2021, or at an earlier date if the implications of dissolution can be clearly understood.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jason Reid".

Jason Reid
Secretary-Treasurer

JR/klg

To: Finance, Facilities and Technology Committee

Prepared By: Jason Reid
Secretary Treasurer

Subject: CDC Statutory Right-of-Way

Date: October 1, 2020

Purpose and Background

The purpose of this briefing note is to recommend that the Board grant a statutory right-of-way to the District of Saanich (Saanich) for construction of a sidewalk along Alderley Road.

Saanich requires the installation of this sidewalk and other roadwork improvements along Cordova Bay Road in conjunction with the replacement of the CDC building. A statutory right-of-way is necessary for the sidewalk on Alderley Road because it is not possible to construct the sidewalk on municipal property due to mature trees along the roadway.

The School District's property lawyer prepared the attached legal documents to grant the right of way in consultation with Saanich.

Staff Recommendations

That the Board approve granting a statutory right-of-way on the Children's Development Centre site related to construction of a sidewalk along Alderley Road.

With respect,



Jason Reid
Secretary Treasurer

JR/klg

Attachments: Statutory Right of Way Documents
CDC Schematic Design

LAND TITLE ACT
FORM C (Section 233) CHARGE
GENERAL INSTRUMENT - PART 1 Province of British Columbia

PAGE 1 OF 5 PAGES

Your electronic signature is a representation that you are a designate authorized to certify this document under section 168.4 of the *Land Title Act*, RSBC 1996 c.250, that you certify this document under section 168.41(4) of the act, and that an execution copy, or a true copy of that execution copy, is in your possession.

--

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

Deduct LTSA Fees? Yes

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:
 [PID] [LEGAL DESCRIPTION]

000-057-304 LOT E (DD 381181-I), SECTION 42, LAKE DISTRICT, PLAN 18078

STC? YES

3. NATURE OF INTEREST

CHARGE NO.

ADDITIONAL INFORMATION

Statutory Right of Way

Over Part in Plan

4. TERMS: Part 2 of this instrument consists of (select one only)

(a) Filed Standard Charge Terms D.F. No.

(b) Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

THE BOARD OF SCHOOL TRUSTEES OF SCHOOL DISTRICT NO. 63 (SAANICH)

6. TRANSFEREE(S): (including postal address(es) and postal code(s))

THE CORPORATION OF THE DISTRICT OF SAANICH

770 VERNON AVENUE

VICTORIA

V8X 2W7

BRITISH COLUMBIA

CANADA

Incorporation No

00000

7. ADDITIONAL OR MODIFIED TERMS:

8. EXECUTION(S): This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signature(s)

Execution Date

Y	M	D

Transferor(s) Signature(s)

The Board of School Trustees of
 School District No. 63 (Saanich)

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

**LAND TITLE ACT
FORM D**

EXECUTIONS CONTINUED

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

Y	M	D
20	08	17

SHARON FROUD

Commissioner for Taking Affidavits in British Columbia

770 Vernon Avenue
Victoria BC V8X 2W7

THE CORPORATION OF THE
DISTRICT OF SAANICH by its
authorized signatory

ANGILA BAINS
Manager, Legislative Services

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c.124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the *Land Title Act* as they pertain to the execution of this instrument.

(Re: Section 113 (2) L.T.A., see D.F. J10895)

SIDEWALK / PUBLIC PEDESTRIAN ACCESS / MAINTENANCE

BETWEEN: **THE BOARD OF SCHOOL TRUSTEES OF SCHOOL DISTRICT NO. 63
(SAANICH)
2125 Keating Cross Road
Victoria BC V8M 2A5**

(hereinafter called "the Grantor")

OF THE FIRST PART

AND: **THE CORPORATION OF THE DISTRICT OF SAANICH,
770 Vernon Avenue,
Victoria, B.C. V8X 2W7**

(hereinafter called "the Grantee")

OF THE SECOND PART

WHEREAS the Statutory Right-of-Way hereinafter created is necessary for the operation and maintenance of the Municipality's undertaking.

AND WHEREAS the Grantor is the owner of **Lot E (DD381181-I), Section 42, Lake District, Plan 18078**

(herein called "the Grantor's Land")

AND WHEREAS the Grantee is a municipality within the meaning of Section 218 of the Land Title Act.

NOW THIS AGREEMENT WITNESSETH THAT:

1. In consideration of the sum of One Dollar (\$1.00) now paid by the Grantee to the Grantor (the receipt of which is hereby acknowledged) the Grantor doth hereby grant and convey unto the Grantee, its successors and assigns, the full right and liberty in perpetuity for the Grantee, its successors and assigns and its agents or servants and all other persons authorized in that behalf by it from time to time and members of the public at large and at all times hereafter at its will and pleasure, a free and uninterrupted right-of-way, ingress, egress, and regress for **public passage by foot and non-motorized vehicles excepting motorized wheelchairs or electric scooters designed for disabled persons** through, along and over that certain parcel or tract of land and premises described as follows:

All that part of Lot E, (DD 381181-I), Section 42, Lake District, Plan 18078, shown as Area Required, containing 474.6 m² on Explanatory Plan EPP102748

(hereinafter called "the Right-of-Way")

2. The Grantor hereby covenants with the Grantee not to make, place, erect, or maintain, subsequent to the date hereof any building, structure, excavation, pile of material or obstruction in, under or upon the right-of-way hereby granted that will block pedestrian access by the public without the written consent of the Grantee first had and obtained.
3. The Grantee hereby covenants with the Grantor:
 - (a) That the Grantee for itself, its successors and assigns, covenants with the Grantor and its successors and assigns, to indemnify, save and hold harmless the Grantor from any and all liability, damage, costs and expenses suffered or incurred by the Grantor in any way arising out of:
 - i) the use of the right-of-way by the Grantee, its agents or servants and all other persons authorized or permitted in that behalf by it;
 - ii) the failure of the Grantee to perform any of its obligations hereunder.
4. The Grantee hereby covenants with the Grantor to maintain the right-of-way area in good repair for the uses herein granted provided that any repair required was not caused by any breach of the terms of this agreement or negligence on the part of the Grantor.
5. It is mutually agreed between the Grantee and the Grantor:
 - (a) That the Grantee shall have the right to construct or place in, under or upon the right-of-way such improvements as may be necessary or desirable to permit access by the public including sidewalk, curb and gutter, improvements of any kind, crosswalks, signs, traffic control devices and equipment, street lighting, trees and other plant material, and for that purpose shall have the right to repair and maintain such improvements;
 - (b) That the right-of-way shall be construed as running with the land, that no part of the fee of the soil shall pass to or be vested in the Grantee under or by these presents and that the Grantor may use and enjoy the said lands subject only to the rights and restrictions herein provided;
 - (c) That the Grantor shall be under no obligation whatsoever to repair or keep in repair or maintain the said right-of-way, except for a breach of term or negligence by the Grantor as outlined in 4 above.
 - (d) That the expressions "Grantee" and "Grantor" herein contained shall be deemed to include the executors, administrators, heirs, successors and assigns of such parties wherever the context so admits;

- (e) Wherever the singular and masculine are used in this agreement they shall be construed as meaning the plural or the feminine or the body corporate where the context or the parties hereto so require.

IN WITNESS HEREOF the parties hereto acknowledge that this agreement has been duly executed and delivered by the parties executing Form C (page 1) and Form D (page 2) attached hereto.

END OF DOCUMENT

**Explanatory Plan of Part of
Lot E (DD 381181-i), Section 42,
Lake District, Plan 18078.**

Pursuant to Section 99(1)(e) of the Land Title Act.
For Statutory Right of Way Purposes.
BCGS 92B.054

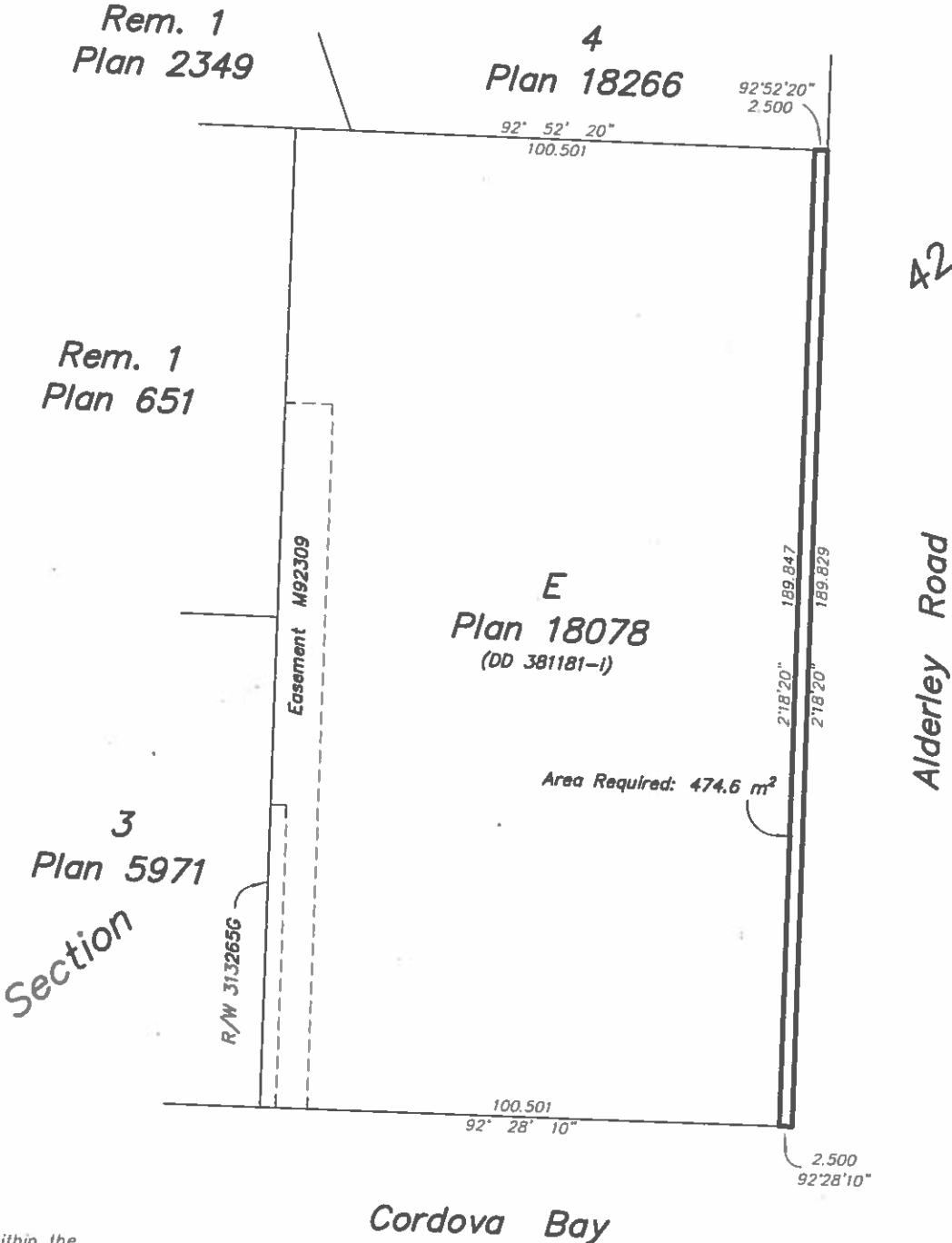


The intended plot size of this plan is
432mm in height by 280mm in width (B size)
when plotted at a scale of 1:1000.

Distances are in metres unless otherwise indicated.

Integrated Survey Area No. 30, District of Saanich,
NAD83 (CSRS) 3.0.0.BC.1.CRD.

Astronomic bearings derived from plan 18078.



This plan lies within the
Capital Regional District.

This plan is based on the Land Title and
Survey Authority of BC records:
Plan 18078

Lloyd R. P. Eakins, BCLS 833
10th day of July, 2020.

Wey Mayenburg Land Surveying Inc.

www.weysurveys.com

#4-2227 James White Boulevard
Sidney, BC V8L 1Z5

Telephone (250) 656-5155

File: 180117\EXP\GH

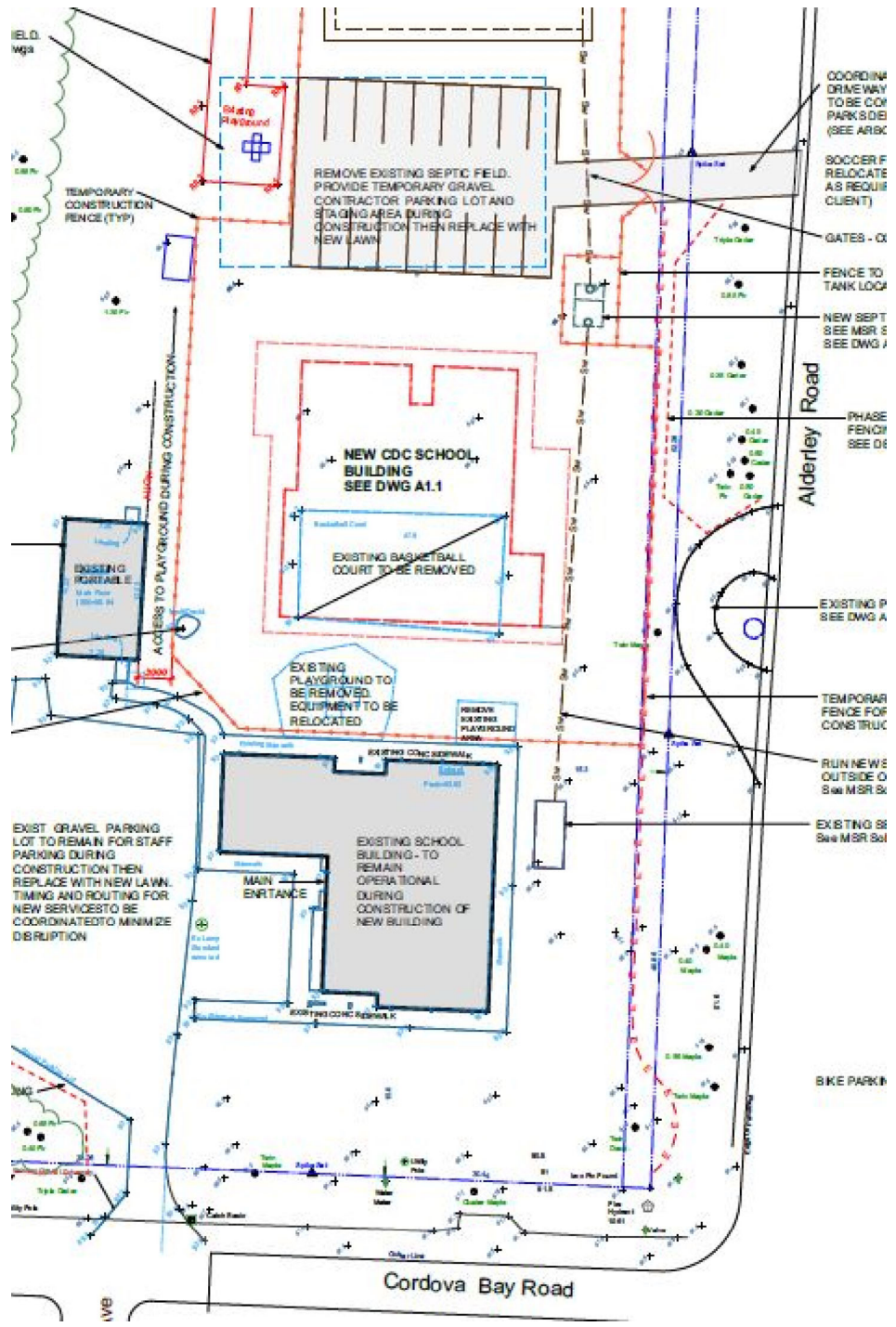
SCHOOL DISTRICT NO. 63
CHILDREN'S DEVELOPMENT CENTRE

735 Cordova Bay Rd, Victoria, BC V8Y 1P7

ISSUED FOR CONSTRUCTION

SEPTEMBER 25, 2020





LOCATION OF NEW SEPTIC FIELD.
See MSR Solutions dwgs

Lot E
(See DD 381181-1)
Plan VIP18078
Area=1.960 ha

EXISTING SEPTIC FIELD.
See MSR Solutions dwgs



Setback
6.0m

10.0m
Setback

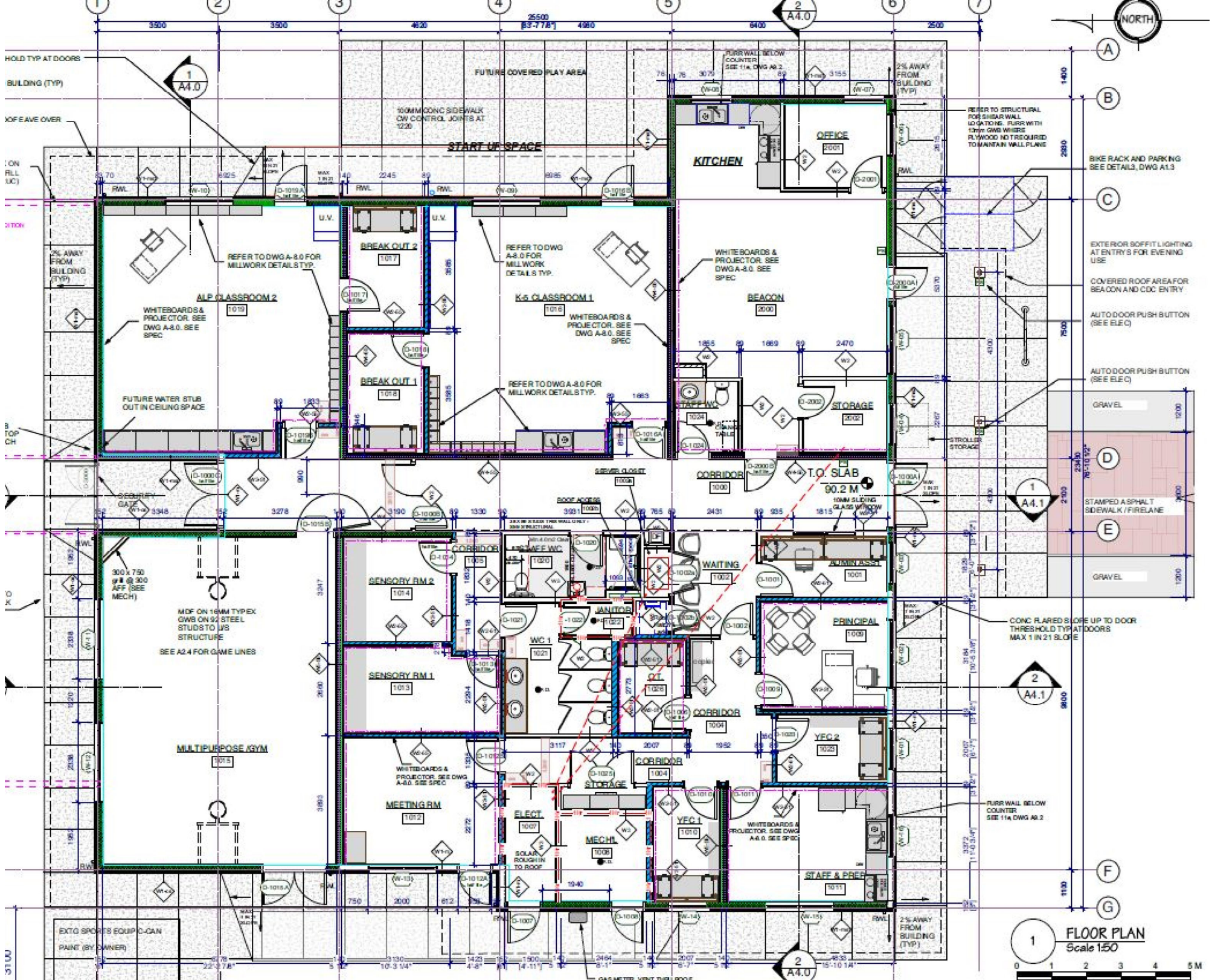
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90m RADIUS TO FIRE HYDRANT

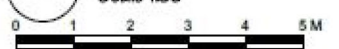
10.0m
Setback

Alderley Road

Cordova Bay Road



1 FLOOR PLAN
Scale 1:150



BIKE RACK AND PARKING
SEE DETAILS, DWG A1.3

EXTERIOR SOFFIT LIGHTING
AT ENTRIES FOR EVENING
USE

COVERED ROOF AREA FOR
BEACON AND CDC ENTRY

AUTO DOOR PUSH BUTTON
(SEE ELE C)

AUTO DOOR PUSH BUTTON
(SEE ELE C)

GRAVEL

STAMPA ASPHALT
SIDEWALK / FIRELANE

GRAVEL

GRAVEL

GRAVEL

GRAVEL

CONC FLARED SLOPE UP TO DOOR
THRESHOLD TYP AT DOORS
MAX 1 IN 21 SLOPE

PLUMB WALL BELOW
COUNTER
SEE 11A DWG A0.2

2% AWAY
FROM
BUILDING
(TYP)

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To: Finance, Facilities and Technology Committee

Prepared By: Jason Reid

Subject: White Road Property

Date: October 1, 2020

Purpose and Background

The purpose of this briefing note is to report on the benefits and feasibility of creating a Nature Based Early Learning Centre on the White Road property, and to recommend that an application for funding be submitted.

An extensive public consultation process regarding the future of the White Road property concluded in September 2018. The overall question considered in the consultation was what should the Board do with the White Road property so that the educational needs of students and our community are best served and the wishes of the donor were respected?¹ In the event that a suitable alternative educational use did not exist, the consultation also considered how the proceeds from disposal could support public school purposes. Leaving the property vacant long term was not considered an option, given the wishes of the donor and the risks of owning a vacant lot in an increasingly developed residential neighbourhood.

Following the consultation the White Road Property Committee issued a [final report](#), and in October 2018 the Board of Education approved the Committee's recommendation to complete a review considering the benefits and feasibility of creating a Nature Based Early Learning Centre on the White Road Property.

The feasibility of creating an Early Learning Centre on the site depends on both the financial viability of the project, and whether it is an appropriate use for the site. As the property is zoned for residential use, rezoning will be necessary before it can be used for an Early Learning Centre. An application to rezone the property will only be successful if the district can demonstrate that the impact on the site and neighbourhood is appropriate.

Funding is available for the creation of childcare spaces through the Childcare BC New Spaces Fund ("New Spaces Fund"). At the time the feasibility work began in the fall of 2018, funding available through the New Spaces Fund was capped at a maximum of \$1 million per site, which was a significant barrier to the project's financial feasibility. On July 15, 2019, government [announced](#) changes to the funding program including an increase to the maximum funding

¹ The White Road property was donated to the trustees of the South Saanich School District, predecessor of School District No. 63 (Saanich), on April 7, 1873 by Mr. William Turgoose. In the original hand written transfer document to the School District the following condition was documented: "... unto the Trustees of the South Saanich School District (hereinafter referred to as the said Trustees) and their Successors forever Upon Trust To hold and use the same for Public School purposes in the said District"

available per site from \$1 million up to \$3 million. Following this announcement, feasibility work focused on developing a project fully funded through the New Spaces Fund.

The benefits of an early learning program are clear and align with both the wishes of the donor and the educational mandate of the Board of Education. The demand for early learning spaces exceeds the availability of spaces on the peninsula and in Greater Victoria. In September 2020, Central Saanich published a Child Care Inventory and Action Plan ([link to report](#)). The report demonstrates the need for additional childcare spaces, includes recommendations related to land use to encourage more child care spaces, and includes a specific recommendation (page 49) that the municipality: “Work with SD63 to support their proposed development of child care spaces on the “White Road” property.”

Nature Based Early Learning Centre

Program Concept Summary

In the spring of 2020, Director of Instruction Carly Hunter and Vice Principal Helena Takhar investigated options considering how the program could align and contribute to the overall educational goals of the school district, and consulted with two operators of similar programs in the region. I also consulted with Beacon Community Services (who operate a number of early learning programs) and staff at the New Spaces Fund.

Our recommendation is that the program be for ages 3-5 (without infant care) to facilitate focus on the creation of a robust early learning program. Given the demand for full time care, we envision the program likely running from 8am to 6pm, with possible extended hours for some spaces if needed in the community. Our vision is that the early learning program will integrate with district programs to create opportunities for learning and sharing and to facilitate a more seamless transition from early learning into K-12. The foundation of the program would be built upon the ideologies of the Early Learning Framework. Through a nature-based program rooted in W̱SÁNEĆ ways of knowing and being, children will establish a sense of community, place and belonging leading to smooth transitions into future education.

In Saanich, we have a goal to infuse Indigenous content in the early years for all children. It is essential for children that live, learn and play on the land of the W̱SÁNEĆ people gain knowledge of their ways of knowing and being and to be exposed to the SENĆOŦEN language. Woven through the fabric of the program would be the First Peoples Principals of Learning, by engaging with local W̱SÁNEĆ elders and educators to ignite an understanding of indigenous perspectives within the program.

In December 2019, I reported that up to 99 childcare spaces could be created in the proposed facility (based on licensing space criteria). However, following consultations with established operators, we have concluded this would be too many spaces for the building and site, and would not be conducive to the creation of a quality program. The recommended configuration is three classrooms of 24 students, for a total of 72 program spaces. This configuration reflects efficiently staffing the required supervision ratio (8 students per Early Childhood Educator).

With 72 childcare spaces, it will also be possible to create some flexible space within the planned building footprint, which we have learned is important when managing the unique needs of 72 children aged 3-5.

Rezoning and Community Consultation

The White Road property is zoned RE-2 (Rural Estate) and would need to be rezoned for a non-residential use. In order for the property to be rezoned, the district will need to demonstrate that the property's proposed use is appropriate for the residential neighbourhood. Impact on the site and surrounding community is an important consideration. The completed community consultation supports the proposed use of the property, and prior to making a rezoning application we would reengage with those involved in the consultation to present the final project plan.

Staff at the New Spaces Fund have confirmed that funding can be approved contingent on rezoning, and that funding can be applied to rezoning costs. Once a project is successful and has received its first funding payment, work on the project is expected to commence within four to six months; however, this work can be initiation of the rezoning process. The estimated timeline for completion needs to be reflected in the funding application; however, there are no set or maximum timeline parameters required by the New Spaces Fund.

One possible reason to begin rezoning prior to completing the funding application is to gain comfort that the project proposed for funding will be successful in a rezoning application. This option was discussed with Central Saanich staff who noted the district could begin the rezoning process to receive feedback before submitting the funding application, and only complete the rezoning process once funding was confirmed. The cost to initiate a rezoning application is approximately \$4,000 and additional costs would be required to complete the process for a traffic study and possibly other consulting work.

However, as a project that creates less than the proposed 72 spaces would not be financially viable (see discussion below), it would not be possible to scale back the program further regardless. Also, changes to the planned use of the site that result from rezoning that do not significantly impact the size or nature of the program will not be an issue for the funding agreement. For these reasons, there are limited benefits to commencing the rezoning process prior to submitting the funding application.

Funding Application and Cost

The current New Spaces Fund application window closes on November 1, 2020. At this time, there is not a set date for a future application intake, and one will likely not be announced before March 2021.

The maximum funding available for a project is \$3 million. In ranking applications, the New Spaces Fund also considers the cost per childcare space created. The budgeted cost per space for the recent expansions funded by the New Spaces Fund (Sidney Elementary, Cordova Bay

Elementary and Lochside Elementary) ranged between about \$20,000 to \$30,000 per space. In consultation with staff at the New Spaces Fund, the maximum cost per space that will be considered is \$40,000, which equates to \$2,880,000 for the creation of 72 childcare spaces.

The construction cost estimate for the proposed facility is \$3,370,000 including a 15% construction contingency². If a funding application was submitted this fall and approved February 2021, when the signing the funding agreement the Board would effectively be committing to allocation of approximately \$500,000 to fund the project.

To fund additional community space in the new Children's Development Centre (now under construction), the district partnered with Beacon Community Services who is contributing \$200,000 to the project as a prepaid lease payment for 25 year access to the community space addition (60 square meters) and common areas. Beacon will also share annual operating costs of the facility. A similar arrangement could also work for this planned childcare facility, and a \$500,000 prepaid lease contribution (in addition to monthly operating cost contributions) is reasonable for 25-year access to a 465 square meter facility. However, there are likely few childcare operators that are able to make such a financial contribution, and proceeding with a funding agreement without first having this or another funding source increases the risk the Board will ultimately need to cover some or all of the unfunded cost to complete the project.

Selecting an Operator

The key criteria for selecting an operator include:

- Expertise and capacity in the delivery of early learning and childcare including the capacity to recruit and train Early Childhood Educators (ECEs);
- Ability to deliver a program aligning with the expectations of the school district, including integration with district programs as described above (alignment of organizational mandate is a key consideration); and
- Financial capacity to fund up to \$500,000 in capital cost.

New Spaces Fund staff have confirmed that selection of the operator (community partner) can occur following confirmation of funding.

Next Steps

Given the potential of changes to the funding program and the timing of future funding intakes, I recommend that a funding application be submitted prior to November 1, 2020.

To address the potential financial risk related to the funding shortfall, I recommend that prior to signature of a funding agreement (February or March 2021), that either a suitable operating partner be selected or a plan to otherwise mitigate the financial risk be approved by the Board.

² The conceptual design and construction cost estimate are included in the December 2019 report from the Finance, Facilities and Technology committee.

Prior to confirmation of funding a community open house will be planned in the new year to review the plan with those who participated in the consultation. The feedback received from this session would inform the subsequent rezoning application.

Staff Recommendation

That the Board approve submission of a funding application to the BC Childcare New Spaces Fund to develop a Nature Based Early Learning Centre on the White Road Property.

With Respect,

A handwritten signature in blue ink, appearing to read "Jason Reid".

Jason Reid
Secretary Treasurer

August 2020

CEO Report for Annual General Meeting for School District 63 Business Company

The past fiscal year began well with good opportunities and plans for growth.

1. A two-week summer program, Summer in Saanich 2020, was developed and was ready to market. There was significant interest from agents in a number of countries and we were quite confident that a minimum of twenty-five students would register.
2. We also developed an English Language Assessment tool which was designed to help Saanich International Student Program staff and school staff assess the English skills of incoming international students. Forty-one students went through the first round of testing and the results were very promising. We were looking forward to continuing the assessment and marketing it to other school districts.
3. We started to explore developing a numeracy assessment which other districts may have interest in using.
4. We made contact with an agent in Japan. While only three students registered with us, this was the first connection with the Japanese market in a number of years and we were optimistic that growth in the Japanese market was possible.
5. The Ministry of Education did not change its position which allows OLC to offer only two courses, ELL and Going to Canada, for credit. But we had started conversations with individuals to develop online content which would have been of interest to international students in the K-9 years.
6. Then COVID-19 arrived.

Summary

We began the year believing that we were on track to realize a small net profit by the end of the year. However, as a result of the pandemic the company was unable to generate the anticipated revenue and is now in a very difficult financial situation, and the Board of Directors will need to consider how or if the company can move forward.

I want to thank all of our contractors for their continued support through this challenging year. They are wonderful people to work with, and I very much appreciate the commitment they have made to our company.

I also thank our Board of Directors for their continued support, encouragement, and advice.

Consolidated Financial Statements of

**SCHOOL DISTRICT NO. 63
BUSINESS COMPANY**

And Independent Auditors' Report thereon

Year ended June 30, 2020



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of School District No. 63 Business Company

Opinion

We have audited the consolidated financial statements of School District No. 63 Business Company (the Entity), which comprise:

- the consolidated statement of financial position as at June 30, 2020
- the consolidated statement of comprehensive income (loss) for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at June 30, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has incurred losses for the years ended June 30, 2020 and 2019 and its ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and may be reliant on uncommitted financial support from School District No. 63 (Saanich).

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Victoria, Canada
August 27, 2020

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Consolidated Statement of Financial Position

June 30, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 7,138	\$ 14,789
Prepaid expenses	3,942	3,004
Total Assets	\$ 11,080	\$ 17,793
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,000	\$ 3,500
Interest payable	7,065	1,425
Insurance payable	3,310	-
Due to School District No. 63 (Saanich) (note 5)	-	120,000
	18,375	124,925
Due to School District No. 63 (Saanich) (note 5)	120,000	-
Total Liabilities	138,375	124,925
Equity		
Share capital (note 6):		
Authorized:		
1 common share without par value		
Issued and outstanding:		
1 common share without par value	1	1
Accumulated deficit	(127,296)	(107,133)
Total Equity	(127,295)	(107,132)
Total Liabilities and Equity	\$ 11,080	\$ 17,793

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the director:



Director

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Consolidated Statement of Comprehensive Income (Loss)

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Revenues:		
Course fees and registration	\$ 6,000	\$ 27,394
Program development	3,866	-
Interest revenue	-	184
	<u>9,866</u>	<u>27,578</u>
Expenses:		
General and administrative	14,011	17,124
Professional fees	10,378	18,064
Refund of course fees and registration	-	38,372
Interest expense	5,640	5,640
	<u>30,029</u>	<u>79,200</u>
Net loss and comprehensive loss for the year	\$ (20,163)	\$ (51,622)

The accompanying notes are an integral part of these consolidated financial statements.

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Consolidated Statement of Changes in Equity

Year ended June 30, 2020, with comparative information for 2019

	Share capital	Accumulated deficit	Total
Balance at June 30, 2018	\$ 1	\$ (55,511)	\$ (55,510)
Net loss for the year	-	(51,622)	(51,622)
Balance at June 30, 2019	1	(107,133)	(107,132)
Net loss for the year	-	(20,163)	(20,163)
Balance at June 30, 2020	\$ 1	\$ (127,296)	\$ (127,295)

The accompanying notes are an integral part of these consolidated financial statements.

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Consolidated Statement of Cash Flows

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Net loss for the year	\$ (20,163)	\$ (51,622)
Changes in non-cash working capital:		
Interest receivable	-	191
Interest payable	5,640	-
Prepaid expenses	(938)	(99)
Accounts payable and accrued liabilities	4,500	(1,860)
Insurance payable	3,310	-
	(7,651)	(53,390)
Decrease in cash	(7,651)	(53,390)
Cash, beginning of year	14,789	68,179
Cash, end of year	\$ 7,138	\$ 14,789

The accompanying notes are an integral part of these consolidated financial statements.

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Notes to Consolidated Financial Statements

Year ended June 30, 2020

1. Reporting entity:

School District No. 63 Business Company (the "Company") was incorporated on July 16, 2012 to provide educational services. Its address is 10640 McDonald Park Road, Sidney BC. The consolidated financial statements comprise the Company and its wholly-owned subsidiaries, Saanich International Student Recruiting Services Inc. and Saanich International Distributed Learning Services Inc.

2. Going concern:

The Company incurred losses of \$20,163 and \$51,622 for the years ended June 30, 2020 and 2019, respectively, and has an accumulated deficit of \$127,296 as at June 30, 2020. In view of these conditions, the ability of the Company to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom. The Company is reliant on uncommitted financial support from School District No. 63 (Saanich). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These financial statements are presented on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of business.

3. Basis of presentation:

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of measurement:

These financial statements have been prepared on the historical cost basis. No items in the statement of financial position are presented at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Notes to Consolidated Financial Statements

Year ended June 30, 2020

4. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Financial instruments:

(i) Non-derivative financial assets:

Financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs less provision for impairment.

Cash is a non-derivative financial asset with payments which are not quoted on an active market. Subsequent to initial recognition, non-derivative financial assets are measured at amortized cost. The provision established against non-derivative financial assets represents lifetime expected credit losses ("ECL") and is updated at each reporting date. Any increase in the provision is recognized in net income or loss for the year. Financial assets are de-recognized when the contractual rights to the cash flows from those assets expire or when the risks and rewards of ownership are transferred to another party.

(ii) Non-derivative financial liabilities:

The Company initially recognizes financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or upon expiry.

Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method.

Accounts payable and accrued liabilities, interest payable, insurance payable and Due to School District No.63 (Saanich) are non-derivative financial liabilities.

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Notes to Consolidated Financial Statements

Year ended June 30, 2020

4. Significant accounting policies (continued):

(b) Financial instruments (continued):

(iii) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

(c) Revenue recognition:

The Company provides distance educational programs for high school students living outside of Canada who are planning to come to British Columbia to attend high school. Each program delivered has been determined to have distinct performance obligations. The services are provided based on contracts with students that include fixed or determinable prices. Contract terms do not include the provision of post-service obligations. Revenue is measured at the fair value of the consideration received or receivable using a "point in time" basis, taking into account contractually defined performance obligations, terms of payment, excluding taxes.

Course fees and registrations are recognized upon the Company satisfying contractually defined performance obligations based on observable outputs such as date of course commencement. Course fees and registrations are recognized using a "point in time" basis.

Program development revenue is earned from services provided to School District No. 63 (Saanich).

Amounts received in advance of the performance of services are classified as contract liabilities until the student begins the course. Amounts recorded in contract liabilities are recognized as revenue in subsequent period.

(d) Foreign currency translation:

Transactions denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction dates. Monetary assets and liabilities denominated in foreign currencies are adjusted at the balance sheet date to reflect the exchange rate in effect at that date. The resulting exchange gains and losses are included in the determination of earnings or loss.

(e) Adoption of new accounting standard:

The Company adopted IFRS 16, *Leases*, effective July 1, 2019. The new standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained. The adoption of the new standard did not have a material impact on the Company's financial statements.

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Notes to Consolidated Financial Statements

Year ended June 30, 2020

5. Due to School District No. 63 (Saanich):

The Company renewed its \$120,000 loan from its parent company School District No. 63 (Saanich) on April 1, 2020 as operating funding for program development and administration costs. The loan bears interest at 4.7% per annum and is payable on March 31, 2023.

In order to meet its business objectives, the Company is dependent on the continuing support of School District No. 63 (Saanich).

6. Share capital:

	2020	2019
--	------	------

Authorized:

1 common share with no par value

Issued:

1 common share with no par value	\$	1	\$	1
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Under the School Act (British Columbia) the share issued to the School District No. 63 (Saanich) is deemed to be issued without consideration.

7. Deferred tax assets:

Deferred tax assets in respect of tax losses of \$125,018 have not been recognized because it is not yet probable that future taxable profit will be available against which the Company can utilize the benefits. The losses begin to expire in 2033.

8. Financial instruments - risk exposure and management:

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company is exposed to credit and liquidity risk from the use of its financial instruments.

(a) Credit risk:

The Company is at risk of financial loss if it is unable to collect amounts due from receivables. Risk is managed by regular review of outstanding amounts, collection action, and allowance for losses where impairment has been established.

(b) Liquidity risk:

The Company is exposed to liquidity risk if it encounters difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Risk is managed by holding sufficient cash to meet regular obligations.

SCHOOL DISTRICT NO. 63 BUSINESS COMPANY

Notes to Consolidated Financial Statements

Year ended June 30, 2020

9. Related party transactions:

During the period, \$2,306 (2019 - \$4,500) was paid to the Chief Executive Officer for contract services. These transactions were in the normal course of operations and measured at the exchange amount, which is the amount of consideration agreed to by the related party.

10. Capital management:

The Company is not subject to externally imposed capital requirements. Its capital needs and use of capital are determined by its Board of Directors.

11. Date of issue:

These financial statements were approved and authorized for issue by the Board of Directors on August 27, 2020.

12. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. These impacts could include a reduction in revenue and expenses. As the situation is dynamic and the ultimate duration and magnitude are not known, an estimate of the financial effect is not practicable at this time.

Financial Statements of

**SAANICH INTERNATIONAL DISTRIBUTED
LEARNING SERVICES INC.**

And Independent Auditors' Report thereon

Year ended June 30, 2020



KPMG LLP
St. Andrew's Square II
800-730 View Street
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Telephone (250) 480-3500
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Saanich International Distributed Learning Services Inc.

Opinion

We have audited the financial statements of Saanich International Distributed Learning Services. (the Entity), which comprise:

- the statement of financial position as at June 30, 2020
- the statement of comprehensive income (loss) for the year then ended
- the statement of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company has incurred losses for the years ended June 30, 2020 and 2019 and its ability to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom, and may be reliant on uncommitted financial support from School District No. 63 (Saanich).

As stated in Note 2 in the financial statements, these events or conditions, along with other matters as set forth in Note 2 in the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
August 27, 2020

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

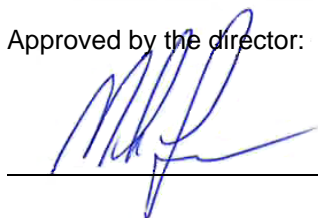
Statement of Financial Position

June 30, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 7,042	\$ 14,693
Prepaid expenses	3,942	3,004
Due from Saanich International Student Recruiting Services Inc. (note 5)	200	200
Due from School District No. 63 Business Company (note 5)	200	200
Total Assets	\$ 11,384	\$ 18,097
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,000	\$ 3,500
Interest payable	7,065	1,425
Insurance payable	3,310	-
Due to School District No. 63 (Saanich) (note 6)	-	120,000
	18,375	124,925
Due to School District No. 63 (Saanich) (note 6)	120,000	-
Total Liabilities	138,375	124,925
Equity		
Share capital (note 7):		
Authorized:		
Unlimited Class A common shares without par value		
Issued and outstanding:		
100 Class A common shares	1	1
Accumulated deficit	(126,992)	(106,829)
Total Equity	(126,991)	(106,828)
Total Liabilities and Equity	\$ 11,384	\$ 18,097

The accompanying notes are an integral part of these financial statements.

Approved by the director:



Director

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Statement of Comprehensive Loss

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Revenues:		
Course fees and registration	\$ 6,000	\$ 27,394
Program development	3,866	-
Interest revenue	-	184
	<u>9,866</u>	<u>27,578</u>
Expenses:		
General and administrative	14,011	17,124
Professional fees	10,378	18,064
Refund of course fees and registration	-	38,372
Interest expense	5,640	5,640
	<u>30,029</u>	<u>79,200</u>
Net loss and comprehensive loss for the year	<u>\$ (20,163)</u>	<u>\$ (51,622)</u>

The accompanying notes are an integral part of these financial statements.

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Statement of Changes in Equity

Year ended June 30, 2020, with comparative information for 2019

	Share capital	Accumulated deficit	Total
Balance, June 30, 2018	\$ 1	\$ (55,207)	\$ (55,206)
Net loss for the year	-	(51,622)	(51,622)
Balance, June 30, 2019	1	(106,829)	(106,828)
Net loss for the year	-	(20,163)	(20,163)
Balance, June 30, 2020	\$ 1	\$ (126,992)	\$ (126,991)

The accompanying notes are an integral part of these financial statements.

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Statement of Cash Flows

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Net loss for the year	\$ (20,163)	\$ (51,622)
Changes in non-cash working capital:		
Interest receivable	-	191
Interest payable	5,640	-
Prepaid expenses	(938)	(99)
Accounts payable and accrued liabilities	4,500	(1,860)
Insurance payable	3,310	-
	<u>(7,651)</u>	<u>(53,390)</u>
Decrease in cash	(7,651)	(53,390)
Cash, beginning of year	14,693	68,083
Cash, end of year	<u>\$ 7,042</u>	<u>\$ 14,693</u>

The accompanying notes are an integral part of these financial statements.

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Notes to Financial Statements

Year ended June 30, 2020

1. Reporting entity:

Saanich International Distributed Learning Services Inc. (the "Company") was incorporated on July 20, 2012 to provide educational services. Its address is 10640 McDonald Park Road, Sidney, BC.

2. Going concern:

The Company incurred losses of \$20,163 and \$51,622 for the years ended June 30, 2020 and 2019, respectively, and has an accumulated deficit of \$126,992 as at June 30, 2020. In view of these conditions, the ability of the Company to continue as a going concern is dependent upon its ability to attain profitable operations and generate funds therefrom. The Company is reliant on uncommitted financial support from School District No. 63 (Saanich). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. These financial statements are presented on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities in the normal course of business.

3. Basis of presentation:

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of measurement:

These financial statements have been prepared on the historical cost basis. No items in the Statement of Financial Position are presented at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Notes to Financial Statements

Year ended June 30, 2020

4. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Non-derivative financial assets:

Financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs less provision for impairment.

Cash, Due from School District No. 63 Business Company and Due from Saanich International Student Recruiting Services Inc. are non-derivative financial assets with payments which are not quoted on an active market. Subsequent to initial recognition, non-derivative financial assets are measured at amortized cost. The provision established against non-derivative financial assets represents lifetime expected credit losses ("ECL") and is updated at each reporting date. Any increase in the provision is recognized in net income or loss for the year. Financial assets are de-recognized when the contractual rights to the cash flows from those assets expire or when the risks and rewards of ownership are transferred to another party.

(ii) Non-derivative financial liabilities:

The Company initially recognizes financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or upon expiry.

Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method.

Accounts payable, interest payable, insurance payable and Due to School District No.63 (Saanich) are non-derivative financial liabilities.

(iii) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Notes to Financial Statements

Year ended June 30, 2020

4. Summary of significant accounting policies (continued):

(b) Revenue recognition:

The Company provides distance educational programs for high school students living outside of Canada who are planning to come to British Columbia to attend high school. Each program delivered has been determined to have distinct performance obligations. The services are provided based on contracts with students that include fixed or determinable prices. Contract terms do not include the provision of post-service obligations. Revenue is measured at the fair value of the consideration received or receivable using a “point in time” basis, taking into account contractually defined performance obligations, terms of payment, excluding taxes.

Course fees and registrations are recognized upon the Company satisfying contractually defined performance obligations based on observable outputs such as date of course commencement. Course fees and registrations are recognized using a “point in time” basis.

Program development revenue is earned from services provided to School District No. 63 (Saanich).

Amounts received in advance of the performance of services are classified as contract liabilities until the student begins the course. Amounts recorded in contract liabilities are recognized as revenue in subsequent period.

(c) Foreign currency translation:

Transactions denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction dates. Monetary assets and liabilities denominated in foreign currencies are adjusted at the balance sheet date to reflect the exchange rate in effect at that date. The resulting exchange gains and losses are included in the determination of earnings or loss.

(d) Adoption of new accounting standard:

The Company adopted IFRS 16, *Leases*, effective July 1, 2019. The new standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

The adoption of the new standard did not have a material impact on the Company’s financial statements.

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Notes to Financial Statements

Year ended June 30, 2020

5. Due from Saanich International Student Recruiting Services Inc. and School District No. 63 Business Company:

These amounts arose from expenses recoverable in the normal course of business, are unsecured, and are usually settled within 30 days of occurrence.

6. Due to School District No. 63 (Saanich):

The Company renewed its loan with its ultimate parent company School District No. 63 (Saanich) on April 1, 2020 as operating funding for program development and administration costs. The loan bears interest at 4.7% per annum and is payable on March 31, 2023.

In order to meet its business objectives, the Company is dependent on the continuing support of School District No. 63 (Saanich).

7. Share capital:

	2020	2019
Authorized:		
Unlimited Class A common shares with no par value		
Issued:		
100 Class A common shares issued at \$0.01 per share	\$ 1	\$ 1

8. Deferred tax assets:

Deferred tax assets in respect of tax losses of \$124,867 have not been recognized because it is not yet probable that future taxable profit will be available against which the Company can utilize the benefits. The losses begin to expire in 2033.

SAANICH INTERNATIONAL DISTRIBUTED LEARNING SERVICES INC.

Notes to Financial Statements

Year ended June 30, 2020

9. Financial instruments - risk exposure and management:

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company is exposed to credit risk and liquidity risk from the use of its financial instruments.

(a) Credit risk:

The Company is at risk of financial loss if it is unable to collect amounts due from receivables. Risk is managed by regular review of outstanding amounts, collection action, and allowance for losses where impairment has been established.

(b) Liquidity risk:

The Company is exposed to liquidity risk if it encounters difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Risk is managed by holding sufficient cash to meet regular obligations.

10. Related party transactions:

During the period, \$2,306 (2019 - \$4,500) was paid to the Chief Executive Officer for contract services. These transactions were in the normal course of operations and measured at the exchange amount, which is the amount of consideration agreed to by the related party.

11. Capital management:

The Company is not subject to externally imposed capital requirements. Its capital needs and use of capital are determined by its Board of Directors.

12. Date of issue:

These financial statements were approved and authorized for issue by the Board of Directors on August 27, 2020.

13. COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. These impacts could include a reduction in revenue and expenses. As the situation is dynamic and the ultimate duration and magnitude are not known, an estimate of the financial effect is not practicable at this time.

Financial Statements of

**SAANICH INTERNATIONAL STUDENT
RECRUITING SERVICES INC.**

And Independent Auditors' Report thereon

Year ended June 30, 2020



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone (250) 480-3500
Fax (250) 480-3539

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Saanich International Student Recruiting Services Inc.

Opinion

We have audited the financial statements of Saanich International Student Recruiting Services. (the Entity), which comprise:

- the statement of financial position as at June 30, 2020
- the statement of comprehensive income (loss) for the year then ended
- the statement of changes in equity for the year then ended
- the statements of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
August 27, 2020

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

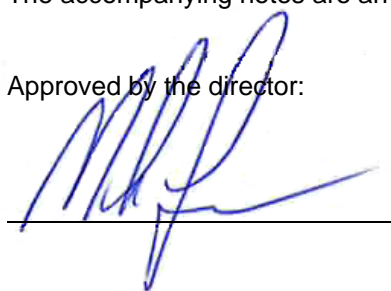
Statement of Financial Position

June 30, 2020, with comparative information for 2019

	2020	2019
Assets		
Current assets:		
Cash	\$ 50	\$ 50
Total Assets	\$ 50	\$ 50
Liabilities		
Current liabilities:		
Due to Saanich International Distributed Learning Services Inc. (note 4)	\$ 200	\$ 200
Total Liabilities	200	200
Equity		
Share capital (note 5):		
Authorized:		
Unlimited Class A common shares without par value		
Issued and outstanding:		
100 Class A common shares	1	1
Accumulated deficit	(151)	(151)
Total Equity	(150)	(150)
Total Liabilities and Equity	\$ 50	\$ 50

The accompanying notes are an integral part of these financial statements.

Approved by the director:



Director

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Statement of Comprehensive Income (Loss)

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Revenues	\$ -	\$ -
Expenses	-	-
Net loss and comprehensive loss for the year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Statement of Changes in Equity

Year ended June 30, 2020, with comparative information for 2019

	Share capital	Accumulated deficit	Total
Balance on June 30, 2018	\$ 1	\$ (151)	\$ (150)
Net loss for the year	-	-	-
Balance at June 30, 2019	1	(151)	(150)
Net loss for the year	-	-	-
Balance at June 30, 2020	\$ 1	\$ (151)	\$ (150)

The accompanying notes are an integral part of these financial statements.

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Statement of Cash Flows

Year ended June 30, 2020, with comparative information for 2019

	2020	2019
Operating activities:		
Net loss for the year	\$ -	\$ -
Increase in cash	-	-
Cash, beginning of year	50	50
Cash, end of year	\$ 50	\$ 50

The accompanying notes are an integral part of these financial statements.

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Notes to Financial Statements

Year ended June 30, 2020

1. Reporting entity:

Saanich International Student Recruiting Services Inc. (the "Company") was incorporated on July 20, 2012 to provide start-up funding necessary to incorporate and start the operations of Saanich Distributed Learning Services Inc. Its address is 10640 McDonald Park Road, Sidney, BC.

2. Basis of presentation:

(a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

(b) Basis of measurement:

These financial statements have been prepared on the historical cost basis. No items in the statement of financial position are presented at fair value.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Notes to Financial Statements

Year ended June 30, 2020

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Non-derivative financial assets:

Financial assets are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs less provision for impairment.

Cash are non-derivative financial assets with payments which are not quoted on an active market. Subsequent to initial recognition, non-derivative financial assets are measured at amortized cost. The provision established against non-derivative financial assets represents lifetime expected credit losses ("ECL") and is updated at each reporting date. Any increase in the provision is recognized in net income or loss for the year. Financial assets are de-recognized when the contractual rights to the cash flows from those assets expire or when the risks and rewards of ownership are transferred to another party.

(ii) Non-derivative financial liabilities:

The Company initially recognizes financial liabilities on the trade date at which the Company becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or upon expiry.

Other financial liabilities are recognized initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method.

The Company has the following non-derivative financial liabilities: due to Saanich International Distributed Learning Services Inc.

(iii) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Notes to Financial Statements

Year ended June 30, 2020

3. Significant accounting policies (continued):

(b) Adoption of new accounting standard:

The Company adopted IFRS 16, *Leases*, effective July 1, 2019. The new standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.

The adoption of the new standard did not have a material impact on the Company's financial statements.

4. Due to Saanich International Distributed Learning Services Inc.:

These amounts arose from expenses recoverable in the normal course of business, are unsecured, and are usually settled within 30 days of occurrence.

5. Share capital:

	2020	2019
Authorized:		
Unlimited Class A common shares with no par value		
Issued:		
100 Class A common shares issued at \$0.01 per share	\$ 1	\$ 1

6. Deferred tax assets:

Deferred tax assets in respect of tax losses of \$151 have not been recognized because it is not yet probable that future taxable profit will be available against which the Company can utilize the benefits. The losses begin to expire in 2033.

7. Financial instruments - risk exposure and management:

Management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company is exposed to liquidity risk from the use of its financial instruments.

Liquidity risk:

The Company is exposed to liquidity risk if it encounters difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Risk is managed by holding sufficient cash to meet regular obligations.

SAANICH INTERNATIONAL STUDENT RECRUITING SERVICES INC.

Notes to Financial Statements

Year ended June 30, 2020

8. Capital management:

The Company is not subject to externally imposed capital requirements. Its capital needs and use of capital are determined by its Board of Directors.

9. Date of issue:

These financial statements were approved and authorized for issue by the Board of Directors on August 27, 2020.



AUDIT

School District No. 63 Business Company

Audit Findings Report

For the year ended June 30, 2020

KPMG LLP, Chartered Professional Accountants

kpmg.ca

Contents

Executive summary	2
Scope of the audit	3
Significant qualitative aspects of accounting policies and practices	7
Misstatements	8
Control deficiencies	9
Appendices	10

This Audit Findings Report should not be used for any other purpose or by anyone other than the Board of Directors and management. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Executive summary

Overview

The purpose of this Audit Findings Report is to assist you, as a member of the Board of Directors, in your review of the financial statements of School District No.63 – Business Company (“the Company”) and its wholly-owned subsidiaries, Saanich International Student Recruiting Services Inc. (“SIRLS”) and Saanich International Distributed Learning Services Inc. (“SIDLS”) (“the Companies”) as at and for the period ended June 30, 2020.

We appreciate the assistance of management and staff in conducting our audit. We trust that this audit findings report is of assistance to you, and we look forward to discussing our findings and answering your questions.

Key findings

Scope of the audit	<ul style="list-style-type: none">• Materiality - \$750
Areas of focus – Critical accounting policies	<ul style="list-style-type: none">• Revenue recognition• Going concern• Loan from School District No. 63• Adoption of new accounting standard for leases
Misstatements	<ul style="list-style-type: none">• Adjustments to correct prepaid expenses• Adjustment to record FY20 accrued expenses

Finalizing the audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- obtaining evidence of the Board's approval of the financial statements
- obtaining a signed management representation letter

We will update you on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors' report will be dated upon the completion of any remaining procedures.

Scope of the audit

Our responsibilities

- Our responsibilities in carrying out our audit, as well as management's responsibilities, are set out in the engagement letter dated May 29, 2017.

Materiality

- We determine materiality in order to plan and perform the audit and to evaluate the effects of identified misstatements on the audit and of any uncorrected misstatements on the financial statements.
- Materiality has been determined as follows:
 - \$750 (2019 - \$1,250) School District No.63 – Business Company
 - \$750 (2019 - \$1,250) Saanich International Distributed Learning Services Inc.
 - \$600 (2019 - \$1,000) Saanich International Student Recruiting Services Inc.

Our audit approach

- The following is a summary of our audit approach:
 - We substantively tested courses and fees revenue, general and administrative and professional expenses, comparing a sample of revenue and expenses to source documentation.
 - We inspected loan agreements for the balances due to School District No. 63 (Saanich), and assessed the accuracy and presentation of the loan obligation and interest expense.
 - We obtained external, direct confirmation from third parties of cash and investment balances held at year-end.
 - We tested the cut-off of transactions occurring near year end for inclusion in the appropriate fiscal year.
 - Disclosures were reviewed for appropriateness of presentation and disclosure under International Financial Reporting Standards.

Matters to discuss

Going concern

- The Company has been in operation for 8 years and has a consolidated accumulated deficit of \$127,296. In FY2020, the Company incurred a loss of \$26,163 (2019 - \$51,622).
- At June 30, 2020, the Company reported a cash balance of \$7,138 and working capital deficit of \$7,295.
- Historically, the Company has been able to maintain liquidity through the financial support from School District 63. However, no formal financial support is guaranteed by the District at this time. During the year, the School District renewed the terms of the existing loan to the Company of \$120,000 for a period of 3 years. The new loan is accruing interest at 4.7% and expires on March 31, 2023.
- Due to the COVID-19 pandemic and Government of Canada border regulations, there are restrictions on entrance for foreign nationals to Canada. This could impact the Company in fiscal 2021 with fewer international students able to attend K-12 schools in the Saanich School District, leading to lower revenue and potentially increasing accumulated deficit.
- The strategic operations of the Company is under consideration and alternative plans are being investigated as revenue has been declining in 2019 and 2020. Management believes that the Company will continue to operate as a going concern but is waiting for further guidance from the District on strategic direction to pursue and whether any additional funding will be available.

KPMG comments

- We have assessed the financial liquidity of the Company and access to resources to fund ongoing commitments.
- KPMG concludes that the use of the going concern assumption is appropriate in the circumstances, but without committed funding and uncertainty about future student enrolment, material uncertainty exists related to the Company's ability to continue as a going concern.
- An emphasis of matter paragraph has been added to the auditors' report highlighting that material uncertainty exists related to the going concern assumption. Further, a note disclosure has been added to the financial statement notes describing to users the nature of the going concern uncertainty.

Adoption of new accounting standard

- The Company adopted *IFRS 16 – Leases*, effective July 1, 2019. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

KPMG comments

- KPMG performed an analysis of the impact of the adoption of new IFRS standard and concluded there was no impact because the Company has no short term or longer term leases in effect.

Loans from School District No. 63 (the “District”) and interest payable

- SIDLS renewed its loan with the District for \$120,000 in 2020 as operating funding for program development and administration costs. The loan bears interest at 4.7% per annum and is payable on March 31, 2023. Interest is payable annually on March 31.

KPMG comments

- KPMG verified the mathematical accuracy of the current year interest payable balance of \$7,065, which represents 15 months of interest owing (April 1, 2019 – June 30, 2020) on the loan.
- The terms of the loan have been disclosed accurately in the notes to the financial statements, including disclosure that the Company is financially dependent on support from the District.

Impact of COVID-19

- On March 11, 2020, the World Health Organization declared a global pandemic due to the COVID-19 outbreak; this has had significant economic, financial market and social distancing impacts.
- In light of COVID-19, we are required to assess the potential business and financial reporting considerations such as going concern and valuation of assets.
- Management has assessed that the impact of COVID-19 is dynamic and not measurable or predictable at this time. Enrollment may decrease, resulting in a potential decrease in revenue and expenses.

KPMG comments

- A note disclosing the risk surrounding COVID-19 has been added to the financial statements along with the uncertainties and possible impact on future results and financial condition.

Recognition of Course Fee Revenue

- SIDLS provides educational services to international students through an online learning website. Payment for courses is invoiced and due upon acceptance of the student application. Full payment for courses is made in one lump sum or occasionally in two/three installments for certain student groups.
- Course fees collected during fiscal 2020 were \$6,000. These fees were fully recognized as revenue in the financial statements for the year ended June 30, 2020.
- Product development revenue during fiscal 2020 was \$3,866. This was revenue earned for services provided to Saanich International Students Program during the year.

KPMG comments

- Accounting standards for revenue recognition requires that revenue be recognized based on completion of performance obligations for when a customer obtains control of the goods or service offered. Determining the timing of the transfer of control, at a point in time or over time, requires judgement. We considered the application of these standards to the recognition of course fee and program development revenues.
- SIDLS recognizes revenue based on a "point in time" basis as fees charged for course revenues are owing at the date of course commencement. Upon collection of course fees, students are enrolled in the course and provided with all relevant materials with which to complete the course. This includes an online username, password and initiation of the first online meeting with the course facilitator.
- The time lag between collection of fees and access to course material are typically not longer than one week. Course fees are typically non-refundable 21 days after payment, and there have been minimal refunds issued during the Company's history (notwithstanding refunds in 2019 related to Ministry directive to stop offering BC curriculum). Experience to date has not indicated a provision for refunds is necessary. There were no refunds noted during fiscal 2021.
- Management recognized all course fees that were collected and not subject to refunds in fiscal 2020 into revenue. We concur with this treatment. The revenue recognition policies disclosed in the financial statements reflect this policy.
- We recommend continuing monitoring of student data in order to ensure the time elapsed between course registration and commencement can be measured and a corresponding amount of deferred revenue recognized, if necessary, should the time delay between collection of fees and access to course material or refunds increase in future periods.

Significant qualitative aspects of accounting policies and practices

Our professional standards require that we communicate our views regarding the matters below, which represent judgments about significant qualitative aspects of accounting policies and practices. Judgments about quality cannot be measured solely against standards or objective criteria. These judgments are inherently those of the individual making the assessment: the engagement partner. However, although judgments about quality are those of the engagement partner, the views discussed below are not contrary to positions KPMG has taken.

Significant accounting policies	Significant accounting policies or practices are disclosed within the notes to the financial statements of the Company. We assessed and recommended changes related to adoption of new IFRS standards as follows: <ul style="list-style-type: none"><li data-bbox="548 814 797 846">• IFRS 16 - Leases
Significant disclosure	<ul style="list-style-type: none"><li data-bbox="548 867 769 898">• Going concern<li data-bbox="548 909 834 940">• Impact of COVID-19

Misstatements

Identification of misstatements

Misstatements identified during the audit have been categorized as follows:

- corrected misstatements, including disclosures.
- uncorrected misstatements, including disclosures.

Corrected misstatements

We noted certain misstatements that management has corrected in the draft financial statements as follows:

	Description	Account	\$ Increase (decrease)
1	To accrue year end expenses.	Accounts payable General and administrative	(4,500) 4,500
2	To adjust prepaid expenses for subscription costs for mail server fees.	Prepaid expenses General and administrative	633 (633)
3	To remove prior year of insurance prepaid.	Prepaid expenses General and administrative	(3,004) 3,004
4	To adjust prepaid expense and insurance payable for financed insurance contract	Prepaid expenses Insurance payable	3,310 (3,310)

Uncorrected misstatements

No uncorrected misstatements were identified.

Control deficiencies

Background and professional standards

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

In accordance with professional standards, we are required to disclose any control deficiencies that we determined to be significant ("significant deficiencies"). We have not noted any control deficiencies that we determined to be significant.

Appendices

Management representation letter

Prior to the release of the auditors' report, we will obtain a signed copy of the management representation letter – a copy is attached below.

School District No. 63 Business Company
1064 McDonald Park Road
Sidney, BC V8L 5S7

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

August 27, 2020

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of School District No. 63 Business Company and its wholly-owned subsidiaries, Saanich International Student Recruiting Services Inc. and Saanich International Distributed Learning Services Inc. ("the Entity") as at and for the period ended June 30, 2020.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated May 29, 2017, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements, such as all financial records and documentation and other matters, including:

- (i) the names of all related parties and information regarding all relationships and transactions with related parties; and
 - (ii) the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
- c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
 - g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
 - h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
 - i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that management, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - others

where such fraud or suspected fraud could have a material effect on the financial statements.

- c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
- d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
- e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We have provided you with all relevant information regarding all of the key risk factors, assumptions and uncertainties of which we are aware that are relevant to the Entity's ability to continue as a going concern
- 11) Material uncertainties related to events and conditions that may cast significant doubt on the Entity's ability to continue as a going concern are fully disclosed in the financial statements.

Misstatements:

- 12) We approve the corrected misstatements identified by you during the audit described in [Attachment II](#).

Non-SEC registrants or non-reporting issuers:

- 13) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002). We also confirm that the financial statements of the Entity will not be included in the consolidated

financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

- 14) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

Mark Fraser, Chief Executive Officer

School District No. 63 Business Company

Saanich International Student Recruiting Services Inc.

Saanich International Distributed Learning Services Inc.

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatements Schedule(s)

Corrected misstatements

We noted certain misstatements that management has corrected in the draft financial statements as follows:

	Description	Account	\$ Increase (decrease)
1	To accrue year end expenses.	Accounts payable General and administrative	(4,500) 4,500
2	To adjust prepaid expenses for subscription costs for mail server fees.	Prepaid expenses General and administrative	633 (633)
3	To remove prior year of insurance prepaid.	Prepaid expenses General and administrative	(3,004) 3,004
4	To adjust prepaid expense and insurance payable for financed insurance contract	Prepaid expenses Insurance payable	3,310 (3,310)

Certain recommendations to presentation and disclosure were recommended and accepted.

Uncorrected misstatements

No uncorrected misstatements were identified.

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